State – Society Relations:

Re-engineering the Mauritian Social Contract

(Draft Paper)

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Introduction
Multi ethnic Mauritius has regular free and fair elections, an independent judiciary, a free and vibrant press and it has done rather well both on the economic and social front during the 80s and 90s. Its record of achievements has won it the name of the African tiger cub but Mauritius is now at the crossroads. All the major economic indicators are in the red. Mauritius has no natural resources, it is an economy which has used its ‘smallness’ as an important tool of economic diplomacy but whether it will continue to be able to do so in the rapidly changing world economic environment is a question that is posed. The economic quagmire that it faces also raises serious questions regarding the nature of state society relations in the context of contemporary economic governance. So long that the people of Mauritius felt that they could move from the sugar sector to the EPZ and/or tourism industry, there was a sense of upward social mobility but now that the economy is emitting important signs of distress and the labour market is shrinking, opportunities are getting scarcer thus causing aspirations and expectations to remain largely unmet. The growing asymmetry in the distribution of entitlements is causing a sense of frustration and alienation in certain quarters as reflected by the riots of February 1999.

Whilst it is true that Mauritius, contrary to many other developing countries, has developed a strong welfare state, the latter itself is now under threat. Is the financing of the welfare state sustainable or are Mauritian politicians only looking at their short term gains and therefore avoiding to address the real problems. The paper will also examine the economic agenda of the last few years and how paradoxical it is for the state to adopt an economic policy which generates unemployment and poverty whilst on the other, it pumps money into poverty alleviation programmes. With the relocation of firms and the closure of industries, the country is experiencing a growing feminisation of poverty. Will Mauritius continue to be a model of successful economic governance as well as one of peace and harmony is the question that arises.

The paper also borrows from the literature on developmental states to analyse the functioning and the nature of the Mauritian state. It concludes that unless the Mauritian developmental state becomes more gender inclusive and attempts are made to address the problems of the rapidly expanding informal sector, as well as sharpen the tools of economic diplomacy, the country ‘s difficulties may persist for a long time to come. The ‘power of being powerless’ and the ‘importance of being unimportant’ may no longer work for the small state of Mauritius. More importantly, the country needs to address the longstanding problems of the education and training sector. Despite educational reforms, the country is still wasting a large amount of its human capital and those who are succeeding through the system are not necessarily equipped with the kinds of tools and knowledge that the new knowledge economy requires.

Part one of the paper presents a brief history of Mauritius and how the beginnings of a social contract were laid down during the colonial period itself. Part two examines the broad contours of some of the literature on developmental states and examines how the developmental state of Mauritius has contributed to a new kinds of social engineering in the country. Factors behind the Mauritian success story are also discussed. Part 3 of the paper examines the challenges confronted by the Mauritian economy and highlights the threat that this poses to the Mauritian social contract and to state society relations as a whole.
Introduction

Mauritius is an island state located in the Indian Ocean about 800 kilometres East of Madagascar. It has a population of almost 1.2 million people, all of whom, constituting a ‘deterritorialisation’ of people from across the globe. Mauritius does not have an indigenous population. The island was first settled by the Dutch, followed by the French, after which it became a British possession. The Dutch did not stay long at all. According to Toussaint (1977), the Dutch’s failure to stay could be attributed not only to a shortage of food on the island but also to their deficiencies as settlers and administrators. The island was deserted by the Dutch in 1710 and the French took control of Mauritius in 1715.

Sugarcane was introduced by the Dutch but the French are the ones who expanded the sugar industry. Slaves were brought in from Pondicherry and Chandernagore in India but much bigger contingents of slaves came from Africa (Baker, 1982). Madagascar and Mozambique were the two great sources of slaves for Mauritius.

French colonial rule came to an end in 1810. The British ruled the island from 1810 to 1968, the year in which the country gained its independence. The abolition of slavery in Mauritius in February 1835 and the end of the apprenticeship system soon after, caused the settlers to tap new sources of labour. Indentured labourers were brought from India. Mintz (1985: 71), a leader scholar of the sugar colonies notes:

The link between sweated tropical colonial labour and non-White labour was preserved, largely undisturbed by the end of slavery.

India provided a good resource to meet the insatiable demands of the plantocracy for cheap labour. According to many critics including Best (1965), Beckford (1972) and Tinker (1974), the indentured labourers represented another form of slavery altogether.

The peopling of Mauritius explains the heterogeneity of the island in terms of ethnic groups, language and religious differences. The major ethnic communities are Hindus, Muslims, Creoles, Franco Mauritians (Whites) and Chinese. Creoles and Franco Mauritians are lumped together in a category known as ‘Population Generale’. The category ‘Population Generale’ consists of a small group of White Franco Mauritians (about 2 per cent of the current population), following a large wave of emigration after independence, a much larger category of Creoles (usually defined as Catholics of African or mixed African –European, African-Indian and/or African-Chinese descent. Unlike other groups, this group cannot be said to constitute a socio cultural entity. (Eriksen, 1998). The only common element within this group is their religion. They are all Christians.

Although many countries can speak of their independence as being fuelled by nationalist sentiment, Mauritius experienced a different situation altogether. Anti colonial feelings were expressed by the Hindu majority but the other ethno/religious groups preferred to maintain ties with the mother country. Mauritius was divided as it negotiated its way towards independence. 44% of the population voted against independence. The
interethnic tensions and the economic morass prevailing during that period could have led to a social explosion. But the country’s development was steered in such a manner that the ‘disaster’ alluded to by Kearney (1990) was averted.

Part Two - Economic and social engineering - The developmental state of Mauritius

The colonial state and the beginnings of a social contract

Simmons (1982) argues that a newly empowered British Labour government passed the Colonial Development and Welfare Act of 1946, allocating a budget for social programs in the colonies. Sir Mackenzie Kennedy who was governor from 1942-1948 introduced pensions for employees, particularly on the sugar estates, cooperative societies by which small planters could help each other and a few public libraries. In 1947, a new constitution brought about changes which had been schemed, planned and hoped for the past 40 years (Mannick, 1979). Gayan (1990) citing Veerasamy Ringadoo on Ramgoolam’s contribution as a nominated legislator notes that Ramgoolam pleaded for the workers, for the downtrodden and gave clear indication of the policies he would like a Government to take in education, health and welfare generally. He was already indicating his concept of a welfare state, which was to become a reality as a result of his patience, steadiness and sense of social justice.

Mauritians saw the birth of the social security system in 1950. Non-contributory pensions were established for Mauritians over 60. In an initial phase, the government increased spending on public health, including a malaria eradication campaign that halved the infant mortality rate (from 155 per thousand to 67 per thousand) in a little more than a decade. Mauritius did not have a free national health service but prices for medical services were kept low through some form of price controls and some groups received free health care, including labourers working for the government, police and prison officers (Titmuss and Abel Smith, 1968).

The developmental state and the evolution of the social contract

The literature on developmental states is quite substantial and refers mostly to the East Asian countries. I do not pretend to offer an exhaustive review of the expanding literature on developmental states here. For the purpose of this article, it will suffice to map its broad contours and examine the degree to which it is applicable to Africa.

The success of the East Asian countries in the second half of the 20th century has attracted the attention of many people. Countries such as Japan, Korea and Taiwan have during the post world war period enjoyed impressive rates of growth and rapid industrialisation. Growth models that rely on individual entrepreneurs reacting to market signals could not predict or explain the kind of transformation that occurred in East Asia. Ha Joon Chang (1999) argues that the state played a critical role in this unprecedented process of economic and social transformation and this explains the reason why such states were described as developmental. More precisely, Chang (1999) defines the developmental state as one which considers the objectives of long term growth and structural change seriously and which at the same time has the potential of creating and
regulating the political and economic relationships that are necessary for sustained industrialisation. According to Chang, conflicts are bound to happen during the process of change but political management of the economy helps to mitigate these and that an engagement with institutional adaptation and innovation are also required to achieve the overall objectives of growth and structural change.

Leftwich’s (1995:401) definition of developmental states echoes that of Chang in some ways. Leftwich argues:

“…developmental states may be defined as states whose politics have concentrated sufficient power, autonomy and capacity at the centre to shape, pursue and encourage the achievement of explicit developmental objectives, whether by establishing and promoting the conditions and direction of economic growth, or by organising it directly, or a varying combination of both.”

Woo Cummings (1999:1) explains that the developmental state is a ‘shorthand for the seamless web of political, bureaucratic, and moneyed influences that structures economic life in capitalist North East Asia”. According to Skocpol (1995), a state’s means of raising and deploying financial resources tells us more than could any other single factor about its existing and immediately potential capacities to create or strengthen state organisations, to employ personnel, to co-opt political support, to subsidise economic enterprises, and to fund social programs. More importantly, a developmental state must be socially anchored. According to Evans, developmental states combine:

“…Weberian bureaucratic insulation with intense immersion in the surrounding social structure. How this contradictory combination is achieved depends of course, on both the historically determined character of the state apparatus and the nature of the social structure in which it is embedded”

These various definitions seem to indicate 3 core elements attached to the understanding of the developmental states -

1. The idea of autonomy of the government
2. Capacity of the state to steer the country’s development
3. Development of an industrial strategy which is home-grown and a nationalistic one.
Table 1: Social Expenses – Budget 1967 – 2004

<table>
<thead>
<tr>
<th>% Education</th>
<th>67/68-70/71 average</th>
<th>75/76</th>
<th>80/81</th>
<th>85/86</th>
<th>90/91</th>
<th>91/92</th>
<th>92/93</th>
<th>93/94</th>
<th>94/95</th>
<th>95/96</th>
<th>96/97</th>
<th>97/98</th>
<th>98-99</th>
<th>99-00</th>
<th>00-01</th>
<th>01-02</th>
<th>02-03</th>
<th>03-04 Estimation</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Health</td>
<td>38.4</td>
<td>29.34</td>
<td>39.42</td>
<td>35.8</td>
<td>34.9</td>
<td>32</td>
<td>29.3</td>
<td>32</td>
<td>34.4</td>
<td>32.6</td>
<td>32.9</td>
<td>31.6</td>
<td>29.6</td>
<td>29.6</td>
<td>28.1</td>
<td>26.3</td>
<td>31.4</td>
<td>29.7</td>
</tr>
<tr>
<td>% Social Security</td>
<td>25.12</td>
<td>20.62</td>
<td>18.54</td>
<td>20.5</td>
<td>20.7</td>
<td>18.3</td>
<td>20</td>
<td>18.4</td>
<td>17.2</td>
<td>17.1</td>
<td>15.2</td>
<td>15.9</td>
<td>16.3</td>
<td>16.2</td>
<td>16.4</td>
<td>15.9</td>
<td>15.3</td>
<td>17.2</td>
</tr>
<tr>
<td>% Subsidy on Rice and Flour</td>
<td>32.72</td>
<td>16.32</td>
<td>17.34</td>
<td>36.9</td>
<td>33.5</td>
<td>34.4</td>
<td>34.1</td>
<td>32.5</td>
<td>33.8</td>
<td>37.7</td>
<td>36.9</td>
<td>38.2</td>
<td>39.3</td>
<td>39.9</td>
<td>39.7</td>
<td>37</td>
<td>35</td>
<td>34.8</td>
</tr>
</tbody>
</table>

Sources: CSO Table: Functional Classification of Total Expenditure, 1982-2004, National Accounts (available on internet)
Mauritius Economic Review, 1981-83, 75-77, 72-74, 70-72 (Ministry of Economic Planning and Development)

What is interesting about the Mauritian post colonial state The Mauritian bureaucracy and the political elite of the post independence period was different to the economic elite of the country. Wealth in Mauritius is concentrated in the hands of a handful of families but the various governments of the post independence period managed to get the different stakeholders to work together in the interests of the country. The leaders of the early post independence period, largely trained in England and heavily influenced by Fabianism, channeled a large amount of their energies to develop and consolidate the Mauritian welfare state. In the post independence period, political power was in the hands of the large Hindu majority group whilst economic power remained in the hands of the whites. But the bureaucracy which was also filled by people of Indian origin and the political elite worked together towards the implementation of policies which was in the interests of large sections of the society. An important export tax was introduced which provided large amounts of the revenue needed for the development and consolidation of the welfare state.

The role of sugar capital and the national bourgeoisie
Unlike many other parts of Africa, Mauritius had a national bourgeoisie constituting of the Mauritian sugar plantocracy. This owning class provided a large amount of the capital that was necessary to the development of the various sectors of the Mauritian economy within the diversification process. As Mauritius realised the limitations of a sugar crop economy, it developed the export processing zone, the tourism sector, the financial and services sector and it is now increasingly speaking of the IT sector as a potential new niche.

Table 1 below shows the evolution of social expenses between 1970 and 2004 and Table 2 shows more specifically the percentage of government expenditure that the different sectors represent as from the late 90s onwards. The abolition of subsidies on rice and food in the early 80s led to some criticisms by the opposition but did not become a big issue for the population, perhaps because conditions of living had improved for almost everyone. Expenditure on defence represents a very small percentage of government expenditure highlighting the fact that resources are allocated in more welfare oriented programmes rather than the military which is often the case in some other developing
countries. Social security and welfare constitutes the bulk of Mauritian government expenditure. Apart from the universal non-contributory old age pension, the government has also established a National Pension scheme. A National Pensions Act was passed in 1976 but its coverage does not extend to workers in the informal sector. Social aid act was passed in 1983 and Bunwaree (2004) draws attention to the gender bias inherent to the legislation.

**Provisioning of welfare and human faced structural adjustment**

Unlike most of the developing world, Mauritius provides free health, free education and old age pensions to all its citizens. The vision 2020 report refers to the positive impact that the Mauritian welfare state has had on the country as a whole. Although the export tax was abolished in 1983, Mauritius continued to finance its welfare state and in spite of pressures from various sources, efforts are still deployed to sustain it. Whether Mauritius will be able to maintain its welfare state now that the country is facing a number of new challenges is a question that surfaces up.

| Table 2: Functional classification of government expenditure, 1997/98 – 2000/01 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Education                      | 16.0    | 15.0    | 14.7    | 13.8    | 14.4    | 14.5    | 15.3    |
| Health                         | 8.1     | 8.3     | 8.3     | 8.1     | 8.8     | 8.2     | 8.9     |
| Social security and welfare    | 19.4    | 19.9    | 20.5    | 19.5    | 20.3    | 18.2    | 17.9    |
| Housing and community amenities| 5.7     | 5.0     | 6.3     | 6.4     | 9.9     | 8.6     | 8.0     |
| Defence                        | 0.9     | 0.8     | 0.9     | 0.8     | 0.8     | 0.8     | 0.8     |
| Public order and safety        | 7.6     | 7.8     | 7.4     | 6.9     | 7.6     | 7.5     | 8.0     |
| Public Debt Interest           | (16.0)  | (14.8)  | (14.5)  | 16.4    | 13.8    | 16.6    | 16.2    |


Whilst most countries in the developing world experience a rolling back of the state during structural adjustment programmes, Mauritius is said not to have succumbed to the pressures of the World Bank and the IMF. The latter demanded the abolition of free education and free health but Mauritius resisted the pressure and continued to provide these services for free. Some people argue that contrary to many other developing countries where IMF and World Bank polices were dictated by these latter institutions, Mauritius adopted SAPS in an atmosphere of negotiations and consensus. There was a lot of dialogue and consensus which allowed the introduction of SAPS to be more smooth and ‘human faced’.

Between 1973 and 1999, real GDP in Mauritius grew 5.9% per cent a year, on average, compared with 2.4% for sub Saharan Africa as a whole. Improvements in human indicators have also been equally impressive. Life expectancy at birth increased from 61 years in 1965 to 71 years in 1996; primary school enrolment increased from 93 to 107 per 100 children of school age between 1980 and 1996. Enrolments may be higher than 100
per cent because of repeaters, adults who are enrolled even though they are not in the age group being measured and other discrepancies). The income gap between the richest and the poor had for quite a while narrowed although recent years are showing an enlarging of the gap once more.

Between 1973 and 2000, high growth rates had been achieved in a relatively stable macroeconomic environment. The economy experienced full employment in the late 80s and early 1990s. The unemployment rate declined from nearly 20 per cent in 1983 to 3 percent in the late 1980s but now unemployment has cropped up again and it has reached two digit figure and very pronounced amongst females, leading to a feminisation of poverty.

Ethnicity and capital inflows
One major factor contributing to Mauritius’ success story is its openness to foreign direct investment which was facilitated by the creation of their export processing zone. Although a substantial amount of capital in the EPZ is local sugar capital, the EPZ also attracted capital from different parts of the world. The economics of ethnicity played an important role. The different ethnic communities had important links with their homeland. The Chinese community, for example, attracted investment by Hong Kong entrepreneurs who sought overseas locations for their textile operations in an attempt to circumvent the textile quotas imposed on Hong Kong. Also, there was fear of what was going to happen to Hong kongese capital as Hong Kong gets taken over by Communist China. The Hong Kongese looked at Mauritius a safe haven and transferred large amounts of capital to the small island state. The Indo Mauritians are busy developing commercial interests with the subcontinent, for e.g. now that Mauritius is speaking of transiting to an intelligent/network island, it is turning to India for investments and know how in this sector.

Social dialogue and institutional development
Other factors which are often cited as contributing to the success story of Mauritius are social dialogue and institutional development. Social dialogue and protection is rather similar to that seen in the industrial countries. In other words, there is a rather large and active presence of trade unions. The latter engage in centralized wage bargaining and Mauritius is often cited as a country where tripartite negotiations work out rather well. The mushrooming up of several institutions have contributed to more transparency, accountability and overall efficiency. Whether Mauritius will be able to continue having the kind of social dialogue that it has been used to especially at a time when diverse economic pressures start making themselves felt is a key question in contemporary Mauritius.

Part Three-

The riots of 1999- A reflection of a profound malaise
In an article entitled 'Trouble in paradise’, Carroll and Carroll (2000) refer to the riots of 1999 and draw attention to some of the problems that the small island state of Mauritius begin to face. The resounding success of Mauritius has started toning down in the 1990s
and as Mauritius struggles to retain its competitive edge, the challenges that the country faces become more complex. Various kinds of tensions and conflicts make themselves felt. The riots of February 1999 are largely attributed to the malaise Creole. The latter refers to the deplorable conditions in which large sections of Mauritians of African descent, usually called the Creoles live in. Tensions flared during a public meeting organized by the Mouvement Republican, a small political party which was asking for the depenalisation of gandia. Police had subsequently arrested some participants for smoking banned substances. Amongst those detained was Kaya, one of the country’s leading Creole ‘seggae’ singers. His arrest and death in police custody triggered a series of protest marches in various forms, amid allegations that he had been beaten to death by police officers.

The demonstrations of February 1999 escalated out of control and the country was brought to a standstill for almost a week. Protesters vandalized public and private property in various parts of the island. Various symbols of capitalism and wealth were targeted as well as symbols representing the state such as police stations, traffic lights and government owned buses and other vehicles such as ambulances. Although the unrest of February 1999 degenerated into some form of communal attacks between the Creole community on the one side and the Muslims and the Hindus on the other, some people’s interpretations and readings of the riots are that they are much more an indication of the frustration of the working class and that Kaya’s death was simply a detonator. To some extent the above reminds us of Amartya Sen’s argument that there is a lot of evidence in history that acute inequalities often survive precisely by making allies out of the deprived. The underdog comes to accept the legitimacy of the unequal order and becomes an implicit accomplice. It can be as serious error to take the absence of protests and questioning of inequality as evidence of the absence of that inequality. Although open manifestations and/or protests reflecting people’s frustrations have been largely absent in Mauritius, this does not mean that long term peace is ensured.

The protests of February 1999 are certainly an indication of the growing inequalisation in the country. And as economic conditions worsen, this inequalisation is bound to grow bigger. The decline of the mauritian economy and the erosion of various advantages on the international market poses new challenges for Mauritius. The next section details the contemporary challenges that the small island state faces.

**Rapidly changing economic climate**

For very long, the Mauritian economy has used its smallness a tool of economic diplomacy but the changes in the international financial architecture as well as on the international market with important new players coming up will make it very difficult for Mauritius to continue being successful in lobbying about its smallness. The power of being powerless and the importance of being unimportant does not carry much weight in the new international economic scenario.

Most of the macro economic indicators are in the red. The budget deficit is growing, FDI is falling, unemployment is rising very fast. The official rate is about 10% but it is argued that in reality it is much higher. To worsen things, the level of corruption seems to be on
the rise. Mauritius’s ranking on the Transparency International Index has worsened and this has implications for business confidence.

The major challenges that the economy currently faces are the dismantling of the multifibre agreement in 2005 and the loss of protected markets. The erosion of cheap labour—its only comparative advantage and the relocation of industries to cheaper sites of production is another major problem. The poor vertical and backward linkages in the Mauritian economy, the over dependence on one or two products and the failure of diversifying the EPZ products are also problematical. Markets had been diversified but products not sufficiently so. The loss of FDI that fuelled the boom is tapering off. The erosion of cheap labour is also provoking the import of cheap foreign labour from places such as China and Bangla Desh. Often the conditions in which these foreign workers live are dehumanizing. On a couple of occasions, conflicts have erupted between employers and workers.

The rapidly changing demographics also poses a challenge. The population is ageing very fast and the worker pensioner ratio is deteriorating thus putting more pressure on the country’s resources. The government has in the budget 2004-2005 indicated that some sections of the population earning more than Twenty thousand rupees will no longer be entitled to their old age pensions. Some form of targeting had stated creeping in but the new government which came to power has re established the universal old age pensions without any discrimination whatsoever. Whilst a number of economic analysts have drawn attention to the difficulties of sustaining the Mauritian welfare state without an adequate growth level, the government has gone ahead. It had in fact based its electoral campaign around the notion of ‘putting people first’ and despite the growing budget deficits, it is pumping large sums of money into the social sector.

The Competitiveness Foresight report (2004) notes:

“Mauritius is now in a situation where the economy is emitting several signs of approaching distress.”

The slowing down of the country’s growth rate, the rise in public debt, a social budget which keeps on increasing are cited as elements of distress. But what we notice is that despite the growing budget deficits, the state is not really inclined to cut down on social expenditure.

Table 6: Internal and External Deficits (1982-2005/6)

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Expressed as a % of GDP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Budget (Fiscal) Deficit</td>
<td>-8.1%</td>
<td>-2.8%</td>
<td>-0.4%</td>
<td>+0.8%</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Public Domestic &amp; External Debt</td>
<td>70.2%</td>
<td>55.5%</td>
<td>42.1%</td>
<td>32.5%</td>
<td>58.1%</td>
</tr>
<tr>
<td>Total External Debt</td>
<td>69.1%</td>
<td>41.3%</td>
<td>40.5%</td>
<td>39.8%</td>
<td>42.6%</td>
</tr>
</tbody>
</table>
### Merchandise Trade (in Goods) Deficit

<table>
<thead>
<tr>
<th></th>
<th>-14.2%</th>
<th>-17.8%</th>
<th>-12.1%</th>
<th>-9.1%</th>
<th>-10.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Account Deficit (incl. Services)</td>
<td>-5.8%</td>
<td>-4.9%</td>
<td>+2.2%</td>
<td>+5.7%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>Inward Foreign Direct Investment</td>
<td>+0.1%</td>
<td>+1.7%</td>
<td>+0.9%</td>
<td>+6.0%</td>
<td>+0.7%</td>
</tr>
<tr>
<td>Net Borrowings/Reserves Accumulation</td>
<td>+5.7%</td>
<td>+3.2%</td>
<td>-3.1%</td>
<td>-13.7%</td>
<td>+0.6%</td>
</tr>
</tbody>
</table>

Source: Annual Report Bank of Mauritius 28 September 2005

The major challenge of Mauritius is to expand growth and create employment but this seems very difficult for an economy where size, location and limited workforce are inherent handicaps with which Mauritius needs to live with.

One of the most critical difficulties of Mauritius is the inadequately trained human capital. Education is free and compulsory but almost half of the student population fails the last year of primary school at the age of ten plus thus causing a major waste of the country’s resources. The social implications of this wastage are also cause for concern. Various educational reforms have been attempted, the latest one has emphasised the introduction of the technical and prevocational schools as well as compulsory nine year schooling but the outcomes of these reforms are not doing much to enable the economy to sustain itself since what the economy requires mostly now is knowledge intensive skills and a critical/entrepreneurial mind.

**Conclusion**

Whist it is true that Mauritius changes government in a regular and peaceful manner and is therefore cited as an example of a solid and mature democracy, one can argue that democracy and democratic governance can only be consolidated if there is a democratization of development itself. The growing unemployment problem and the rapidly escalating poverty pose new challenges for governance and the nature of the social contract in Mauritius. Jobless growth in an economy where wealth is concentrated in the hands of a few may lead to important forms of social polarization. The riots of 1999 are not too far behind us. Poverty alleviation programmes are being designed and implemented but they do not necessarily always reach the real poor (Gokhool 2005). The poor should be empowered so as to use their votes to obtain a social contract which is designed for inclusive citizenship. There is perhaps a need for voters’ education that can translate into more embracing policy outcomes. Continuing with the traditional mode of welfare delivery without gauging the complexities associated with new forms of poverty and/or formulating macro economic policies which on the one hand generates more unemployment and on the other calls for more poverty alleviation programmes is not in line with a people oriented social contract. Pluriethnic Mauritius needs to act fast since the growing asymmetry in the distribution of entitlements gives a new significance to identity politics. Some segments of the Creole population remain the most marginalized. The prevailing malaise Creole is an indication that the Mauritian social contract is not working for all. Marginality if unheeded can be a threat to Mauritian stability and social cohesion.
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