EFFICIENCY OF INVESTMENT IN FIJI:
RESULTS OF AN EMPIRICAL STUDY

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Abstract

This paper seeks to investigate the efficiency of capital in Fiji, which has been implementing reforms in the financial sector since the early 1980s. Despite the considerable progress achieved over a twenty-year period, in terms of de-regulation of interest rates and promoting competition among financial institutions, inadequacies in political and economic governance have come in the way of realising the intended progress. These inadequacies relate to instability arising from the lingering impact of two military coups of 1987 and a civilian coup of 2000 and the near collapse of a government owned commercial bank. An econometric study shows that financial sector reforms and a greater role for private sector have been beneficial and have positively contributed to efficiency of capital. What is now needed is greater commitment to improving governance in political and economic arenas.

Key words: reforms in Fiji, financial sector, real interest rate, incremental capital output ratio, efficiency of capital, governance issues.
Efficiency of Investment in Fiji: Results of an Empirical Study

Introduction

Stagnant investment levels in Fiji since the military coups of 1987 have been hurting the economy. Fiji’s real gross domestic product (GDP) grew during 1985-2001 at an average rate of only 2.5 percent per annum and real per capita GDP grew around 1.3 percent per annum. This rate of growth has been found inadequate to deliver employment opportunities and provide the needed social infrastructure for better health care and education (Government of Fiji 2002).

Investment as a proportion of GDP fell from 20 percent in 1985 to 13.4 percent in 1988 following the 1987 coups and steadily declined further to the lowest at 10 percent in 2000, with the private sector’s share plunging to a rock bottom of 3 percent. Fall in investor confidence was found to be one of the reasons of poor investment climate (Seruvatu and Jayaraman 2001). Business confidence, which seemed to have revived in late 1999 with the ushering in of an elected government under the new Constitution enacted in 1997 was given an unexpected jolt in May 2000, by yet another coup, this time a civilian one. After another anxious waiting of 18 months, an elected government was once again sworn in late 2001, reviving the much required normality and optimism.

With a view to giving a further boost to business expectations, the government in November 2002 announced its medium term strategy 'for rebuilding confidence for stability and growth to achieve a peaceful and prosperous Fiji'. According to its official document on Strategic Development Plan 2003-2005 (Government of Fiji, 2002), the thrust of the new strategy is expected to centre around raising investment levels for achieving at least 5 percent annual growth. It is planned to raise the investment level to about 25 percent of GDP each year from the current levels of 10 percent of GDP.

In keeping with the new requirements of improved governance, which included transparency and accountability, the official document in its draft form was discussed in a National Economic Summit in October 2002. One of the points made in the Summit was that it was the efficiency of investment that mattered most in ensuring better returns from increased expenditures. Further, it was also argued that recourse to a greater proportion of GDP for public sector investment under the pretext of boosting investor confidence or for compensating the fall in private investment would be counterproductive in the context of recent scams unearthed in major spending departments, including public works and agriculture. It was indicated that with improved financial sector performance over the last two decades, which was facilitated by major reforms of deregulation aimed at enhancing competition, private investment was likely to prove more efficient than government investment.

A United Nations survey on Pacific Islands has emphasised the need to 'enhance the role of the private sector in socio-economic activities and services to improve the efficiency in resource utilisation and in the process take some of the load off the public sector' (UN ESCAP 2003: 102). The survey has also identified some governance issues responsible for the poor investment climate and observed if the government devoted its resources and
attention to strengthening the legal framework for maintaining law and order, enforcement of contracts and protection of property rights, private investment would pick up.

In the light of the ongoing debate on efficiency of investment, an empirical study on the subject based on last 30 years of data would be of interest. The objective of this paper is to relate the ongoing financial sector reforms in the country to growth in investment in general and in private sector in particular and examine how far domestic investment has fared in regard to efficiency. The paper is organised into three sections: the first section gives a brief literature survey; the second section outlines a simple model for empirical analysis and reports results; and the last section presents some conclusions with policy implications.

I. A Brief Literature Survey

The efficiency of investment depends on a key parameter, which is widely known as the capital output ratio. This is expressed as a number, indicating the requirements of capital to be invested for a dollar output. This is the centrepiece of an early model of economic growth that was developed sixty years ago, independently by Harrod (1939) and Domar (1946), popularly known as the Harrod-Domar model (Perkins et al. 2001). The capital output ratio represents two characteristics: capital intensity and efficiency. Production activities such as steel, aircraft and petrochemicals are highly capital intensive relative to garment manufacturing, which is labour intensive. Countries that concentrate on industries such as steel and automobiles display a higher capital output ratio than countries that specialise in footwear and textiles, which are labour intensive.

A large capital output ratio does not mean efficiency. Considerable idle, unused or outdated machinery combined with poor management of production processes would only reflect inefficiency (Perkins et al. 2001). Sixty years of economic development literature have produced substantial research findings indicating that it is not the quantity but the quality of investment that matters for long term growth in any country. Empirical literature on African states showed that massive and sometime, show-piece investments, such as sports stadiums have not been beneficial in the long run as they are only periodically used, although in the short run they might create employment opportunities during the construction period (Perkins et al. 2001).

Prior to the ongoing economic liberalisation in many developing countries, the governments adopted policies that emphasised a leading role for their public sectors. In the financial sector they followed policies of regulation and control of interest rates and promoted steps such as directed lending. These included the government mandated minimum deposit interest rates and maximum lending rates. Further, governments laid down compulsory quotas of loans to certain sectors/activities that were designated as “priority lending”. Since governments themselves were borrowing from the public and financial institutions for deficit financing purposes, a low interest policy was considered useful, as it kept the debt servicing costs low.

These measures are often referred to by a pejorative term, “financial repression“ (Wachtell 2003). It is not the developing countries only that were pursuing such policies. Even advanced countries such as the United States (US), which had moved away from restrictive measures much before economic liberalisation began in developing countries, were once pursuing policies which would be frowned upon today. Only in as late as 1986, the US
abolished Regulation Q under which the central bank, the Federal Reserve System, had fixed maximum interest rates that banks could pay on savings deposits. Further, for decades banks in the US were prohibited from paying interest on current accounts. Furthermore, there were restrictions on opening additional branches. All these measures were founded on the belief that unbridled competition between banks in attracting funds would only lead to bank failures (Mishkin 2001).

The world has travelled far from those days of excessive obsession with regulations and controls. A market oriented approach in all spheres of economic activities including those in financial sector is now being adopted in all developing countries, including Fiji and other island countries in the region. Promotion of competition by way of relatively easy entry into the financial sector has enabled growth in financial intermediation as well.

Aziz and Duenwald (2002) have in their recent study on China identified the gains from improved financial intermediation. These gains arise through three channels: (i) it can increase marginal productivity of capital by collecting information for appraising alternative investment projects and by risk sharing; (ii) it can raise the proportion of savings devoted to investment via financial development by reducing the resources absorbed by intermediaries (interest spreads and commissions and fees); (iii) it can raise the saving rate.

Studies elsewhere have shown that the gains of deregulated interest rates are equally substantial. A positive real interest rate determined in a free financial market would ensure greater flow of financial savings, especially when capital market development is still at rudimentary stages as observed in many island countries including Fiji. Larger financial savings now flow into banks and non-banks as time and savings deposits, which are reflected in rising financial deepening indicators such as ratios of broad money to GDP or quasi money to GDP.

Aside from the savings mobilisation aspect, a free market lending rate and total absence of government control on credit ceilings or directed credit are expected to ensure that efficient credit allocation only in profitable projects will be financed by funding institutions. Less than equilibrium rates in the past were often subsidised by governments either directly or indirectly by controls on lending policies. This encouraged capital intensive projects as well as unprofitable projects, as the borrowing costs were artificially kept less. These investments have also been found to be inappropriate in regard to the prevailing factor endowment situations in capital-poor and labour-abundant countries. Further unprofitable projects would not have been financed all, if interest rates were determined under free market conditions.

It is this allocative efficiency in the context of scarce financial resources that has received much attention as part of studies on capital efficiency. Empirical studies (Gelb 1989; Ikhide 1993; Malho 1986) have shown improved financial intermediation, which is facilitated by sector reforms, would ensure that better instruments are financed and will therefore increase average productivity of investment. This is because financial institutions would be more efficient and adept at screening and selecting viable projects. Further all potential project proposals would freely compete for funds without any artificial hindrances and government controls, and that prima facie sub-optimal projects, whose expected returns are below the market clearing interest rates would drop out in the process. In his extensive study
of 17 countries in Africa, Ikhide (1993) concluded that positive real interest rates, as a result of financial sector reforms, have enhanced the efficiency of investment.

II. Empirical Modelling

A measure of efficiency of investment is derived by obtaining the inverse of capital-output ratio (ICOR). The ICOR is expressed in symbols as follows:

\[ \text{ICOR} = \Delta K / \Delta Y \]

where \( \Delta K = \) Incremental capital (gross domestic capital formation, I); and \( \Delta Y = \) Incremental output

Fiji has not employed for some time a pre-determined magnitude of ICOR as a parameter for estimating future investment requirements, although such a parameter was used in the early 1970s. In fact, for the period 2003-2005, the Strategic Development Plan (Government of Fiji, 2003) does not mention the use of ICOR as a planning tool for estimating investment needs to reach the targeted growth rate of 5 percent each year.

In these circumstances of non-availability of data on ICOR, we have to employ indirect methods for its estimation. Since data on Fiji’s investment rate (investment expressed as a proportion of GDP, I/Y) are available on a time series basis from 1970 onwards, we derive ICOR for each year by dividing I/Y of the respective year by the rate of growth (\( \Delta Y/Y \)) during that year.

\[ \text{ICOR} = (I/Y) / (\Delta Y/Y) \]

\[ = I/\Delta Y \]

\[ = \Delta K/\Delta Y \]

The estimates of ICOR so derived for each year for the 30-year period are given in Table 1. The estimate varies each year as it is calculated on the basis of realised growth and investment rates. The estimate thus obtained is not a parameter in the usual sense, but it is a product of ex-post conditions. The inverse of the so calculated ICOR is incremental output-capital ratio (IOCR) or \( \Delta Y/\Delta K \). It is used as the proxy for investment efficiency in our study.

As regards plausible explanatory variables, it is postulated first that IOCR in an economy is positively associated with the market rate of interest adjusted for inflation, which is the real interest rate. Under free market conditions, real interest rate is the true cost of borrowing. Proposed investment projects have to be screened by funding institutions and evaluated only on the basis of their expected internal rates of return, which have to be higher than a cut-off rate. The latter will have to be necessarily higher than the prevailing real interest rate, allowing for the margin usually observed by the funding institutions in the financial sector. It is also expected that government planning machinery or the ministry of finance observe the same procedures. Under these conditions we can expect a direct relationship between investment efficiency and the real interest rate. The second explanatory variable is based on the idea that if the share of private investment in the total investment is
high relative to the share on public investment, one can expect a higher productivity of investment since private investment is more motivated by profit incentives than public sector investment. Hence it is postulated that the ratio of private to public investment will also have a positive relationship with IOCR.
Table 1: Data Used for Analysis

<table>
<thead>
<tr>
<th>Year</th>
<th>IOC</th>
<th>RD</th>
<th>InvRatio</th>
<th>Cyclone</th>
<th>Coup</th>
<th>Reforms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>0.59223</td>
<td>-0.14</td>
<td>1.82192</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1971</td>
<td>0.24096</td>
<td>-5.14</td>
<td>1.67742</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1972</td>
<td>0.34348</td>
<td>-18.04</td>
<td>1.83951</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1973</td>
<td>0.57991</td>
<td>-7.14</td>
<td>1.54651</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1974</td>
<td>0.14365</td>
<td>-10.54</td>
<td>1.54930</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1975</td>
<td>0.00498</td>
<td>-9.10</td>
<td>1.31034</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1976</td>
<td>0.12919</td>
<td>-7.40</td>
<td>1.09000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1977</td>
<td>-0.14085</td>
<td>-3.00</td>
<td>1.17347</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1978</td>
<td>0.07725</td>
<td>-2.06</td>
<td>1.33000</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1979</td>
<td>0.45817</td>
<td>-3.30</td>
<td>1.17355</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1980</td>
<td>-0.06061</td>
<td>-10.00</td>
<td>1.16406</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1981</td>
<td>0.20329</td>
<td>-5.20</td>
<td>0.87261</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1982</td>
<td>-0.04162</td>
<td>-1.00</td>
<td>0.76027</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1983</td>
<td>-0.17128</td>
<td>-0.70</td>
<td>0.88618</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1984</td>
<td>0.44408</td>
<td>0.70</td>
<td>1.52000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1985</td>
<td>-0.24986</td>
<td>1.60</td>
<td>2.02985</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1986</td>
<td>0.49825</td>
<td>4.20</td>
<td>2.11538</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1987</td>
<td>-0.37244</td>
<td>0.30</td>
<td>1.70313</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>1988</td>
<td>0.16048</td>
<td>-6.92</td>
<td>1.27119</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1989</td>
<td>1.07434</td>
<td>-2.20</td>
<td>1.18182</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1990</td>
<td>0.28918</td>
<td>-4.20</td>
<td>0.81159</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1991</td>
<td>-0.18704</td>
<td>-2.44</td>
<td>0.60000</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1992</td>
<td>0.53311</td>
<td>-0.80</td>
<td>0.45570</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1993</td>
<td>0.17940</td>
<td>-1.51</td>
<td>0.47959</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1994</td>
<td>0.42387</td>
<td>2.55</td>
<td>0.51899</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1995</td>
<td>0.19849</td>
<td>0.98</td>
<td>0.48810</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1996</td>
<td>0.30822</td>
<td>0.28</td>
<td>0.72414</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1997</td>
<td>-0.08355</td>
<td>-0.32</td>
<td>0.50000</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1998</td>
<td>0.12139</td>
<td>-3.53</td>
<td>0.48780</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>1999</td>
<td>0.75217</td>
<td>-0.76</td>
<td>0.49412</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2000</td>
<td>-0.32035</td>
<td>-0.20</td>
<td>0.45588</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: IMF (2002) and Authors’ Calculations

Besides these two quantitative explanatory variables, namely the real interest rate and the ratio of private investment to public sector investment, three qualitative 'conditioning' variables are added to capture the influences of cyclones, political instability and economic reforms. Fiji is located in the cyclone belt in the Pacific and it has been observed that cyclones in the past have adversely affected growth. It is hypothesised that actual productivity is negatively related to frequent occurrences of cyclones. Accordingly a dummy variable (D1) is added as a variable in the analysis. It takes the value of unity for years during which one or more cyclones hit Fiji and zero for other years during which no cyclone occurred. Similarly, we add a dummy for political instability (D2). It takes the value of zero for all the years prior to 1987, which witnessed two military coups, and unity for 1987 and subsequent years. It is hypothesised that political instability has had a negative impact on investment efficiency. We have included a third dummy variable (D3) to account for the
reforms initiated by the government from 1988 to 2000. This dummy variable assumes the value of unity for 1988 and subsequent years and zero for years before 1988. Finally, as a 'catch-all proxy' for possible unmodelled influences, the model also includes a linear time trend.

Accordingly, the economic model is written as:

\[ \text{IOCR} = f (\text{RD}, \text{INVRATIO}, D1, D2, D3, \text{TREND}) \]

where \( \text{RD} \) = real interest rate on deposits in percent

\( \text{INVRATIO} \) = private investment/public sector investment

\( D1 \) = dummy variable for political instability (coup)

\( D2 \) = dummy variable for government reforms

\( D3 \) = dummy variable for cyclones

\( \text{TREND} = 1,2,3,\ldots \)

**Unit root tests and Model specification**

Prior to formulating and estimating an econometric version of the economic model presented above, it is important to investigate the time series properties of the three quantitative variables because the presence of nonstationary variables in the regression equation implies that the conventional test statistics (t-ratios etc) will have nonstandard distributions. (Johnston and DiNardo 1997: 259-263). The Augmented Dickey Fuller (ADF) tests and KPSS tests in Eviews 4.1 were employed, the findings from which are given in Table 2.

**Table 2: Time Series Properties**

<table>
<thead>
<tr>
<th>Test</th>
<th>Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADF</td>
<td>-6.8493</td>
</tr>
<tr>
<td>KPSS</td>
<td>0.1174</td>
</tr>
</tbody>
</table>

**Notes to Table 2.**
All test equations include a constant but not a linear trend term. The lag lengths for all ADF test equations were selected with Hannan-Quinn Criterion, and all KPSS test equations were based on a Parzen kernel. The 5% critical values for the ADF and KPSS tests are −2.964 and 0.4630, respectively. For the ADF test the null hypothesis is that the variable is nonstationary, and the KPSS has the null hypothesis of stationarity.
The test results indicate that the dependent variable, \( \text{IOCR} = \Delta Y/\Delta K \), is stationary, whereas RD is integrated of order 1, hence is stationary in first differences (\( \Delta \text{RD} \)). For the INVRATIO variable, however, the two tests lead to conflicting inferences. The ADF test does not reject the null that INVRATIO is nonstationary, whilst the KPSS test does not reject the null that it is stationary. Since we have no \textit{a priori} reason to expect nonstationarity, we shall assume that INVRATIO is stationary.

Consequently, the econometric model to be estimated has the following specification:

\[
\text{IOCR}_t = \beta_1 + \beta_2 \Delta \text{RD}_t + \beta_3 \text{INVRATIO}_t + \sum_{j=1}^{3} \gamma_j D_j + \gamma_4 \text{TREND} + \epsilon_t, \quad t = 1971,...,2000
\]

**Estimation results**

Estimating the above model over the 1971 – 2000 period in the MicroFit4.1 software, we obtained the following results.

**Table 3: Estimation Results**

<table>
<thead>
<tr>
<th>Regressor</th>
<th>Coefficient</th>
<th>Standard Error</th>
<th>T-Ratio[Prob]</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-.1301</td>
<td>.2916</td>
<td>-.4462[.660]</td>
</tr>
<tr>
<td>( \Delta \text{RD} )</td>
<td>.0273</td>
<td>.0119</td>
<td>2.2901[.032]</td>
</tr>
<tr>
<td>\text{INVRATIO}</td>
<td>.3977</td>
<td>.1659</td>
<td>2.3980[.025]</td>
</tr>
<tr>
<td>D1</td>
<td>-.3183</td>
<td>.1469</td>
<td>-2.1663[.041]</td>
</tr>
<tr>
<td>D2</td>
<td>.8451</td>
<td>.2545</td>
<td>3.3201[.003]</td>
</tr>
<tr>
<td>D3</td>
<td>-.0905</td>
<td>.1233</td>
<td>-7.342[.470]</td>
</tr>
<tr>
<td>TREND</td>
<td>-.0231</td>
<td>.0115</td>
<td>-2.0052[.057]</td>
</tr>
</tbody>
</table>

**Diagnostic Tests**

<table>
<thead>
<tr>
<th>Test Statistics</th>
<th>LM Version</th>
<th>F Version</th>
</tr>
</thead>
<tbody>
<tr>
<td>A:Serial Correlation</td>
<td>CHSQ(1)= .8443[.358]</td>
<td>F(1,22)= .6370[.433]</td>
</tr>
<tr>
<td>B:Functional Form</td>
<td>CHSQ(1)= 1.8592[.173]</td>
<td>F(1,22)= 1.4535[.241]</td>
</tr>
<tr>
<td>C:Normality</td>
<td>CHSQ(2)= .4382[.803]</td>
<td>Not applicable</td>
</tr>
<tr>
<td>D:Heteroscedasticity</td>
<td>CHSQ(1)= .1593[.690]</td>
<td>F(1,28)= .1495[.702]</td>
</tr>
</tbody>
</table>

Notice that each of the coefficients has the expected sign and, with exception of the dummy for cyclone (D3), is statistically significant at standard (5 percent) significance level.
None of the diagnostic tests suggests that the model is misspecified in any systematic manner.

The model has clearly brought out the positive impact of financial sector reforms on investment efficiency. A market determined interest rate adjusted for inflation has been found to exert a statistically significant influence. Apparently, the funding institutions free from government interference in terms of regulations have been able to carefully scrutinise and appraise the projects before lending for them. The dummy variable for reforms (D2), with a positive and significant coefficient confirms this inference. The coefficient of the ratio of private investment to government investment variable is positive and significant, confirming the hypothesis that a greater role for private sector would positively contribute to investment efficiency.

Although the cyclone dummy variable has an expected negative sign, it did not have a statistically significant influence on investment efficiency during the 30-year period. On the other hand, the dummy for political instability (D2) since 1987 emerged as a statistically significant variable and has proved to be an adverse influence on investment efficiency. The time trend, which is also significant, shows that there has been a downward trend in investment efficiency, much of which could be explained in terms of the lingering impact of 1987 military coups and the latest civilian coup of 2000.

III. Summary and Conclusions

Utilising the actual growth rates and investment rates, a series of ICOR for a 30-year period were constructed. Since the inverse of ICOR signifies productivity of capital or efficiency of investment (IOCR), a simple model was employed relating the latter to a set of explanatory variables. These included a measure of the real rate of interest and the degree of private sector participation (the ratio of private to public investment) as well as three conditioning variables for reflecting economic reforms, political stability and natural disasters periodically affecting the economy.

Although the model was able to explain the variations in the physical efficiency of capital to the extent of 45 percent, it is obvious that financial sector reforms and share of private investment have played significant parts. However, certain factors, which are generally identified to have adversely affected investment efficiency, could not be corroborated empirically. These relate to inadequate banking supervision and regulatory measures to protect creditor rights, insider loans and unethical managerial practices at the highest level over a long period, which all lead to a near collapse of the government owned bank in 1995 (Siwatibau 1996, Chand 2002).

In the light of the evidence gathered by business expectations surveys conducted by the Reserve Bank of Fiji in regard to private investment in Fiji (Seruvatu and Jayaraman 2001), enforcement of property rights and other legal measures to prevent white collar crimes in financial institutions would result in higher investment efficiency.
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