

# Fiji's new Labour-led coalition ditches its promises for better living standards

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29 October 1999

Fiji's Peoples Coalition government, elected in May on a platform of economic growth and social progress, has failed to implement its promises to improve living standards but wasted no time in introducing measures to encourage foreign investment. Its program attracted wide support after two years of economic contraction and rising prices, particularly for food. The Fijian Labour Party won 37 of the 71 seats in the lower house and its partners, including the Fijian Association Party (FAP), the Party of National Unity (PANU) and the Christian Democratic Alliance, hold another 14 seats.

The Peoples Coalition election platform promised social security for the aged and the destitute, a comprehensive housing program, improvements to health services, minimum wage legislation and a reduction in food taxes, in addition to the development of fisheries, tourism and agriculture. Yet five months later only minor reforms have been introduced—an exemption for basic food items from the Value Added Tax (VAT) and a slight reduction in public housing rents.

In stark contrast has been the government's promotion of Fiji as a lucrative site for business investment. Prime Minister Mahendra Chaudhry has already travelled to New Zealand and the US where, after addressing the United Nations General Assembly in New York, he tried to drum up interest from US investors. He told an audience of businessmen in Los Angeles that the waiting time for a foreign investment certificate had been reduced from six to eight weeks to only 15 days.

The economy is expected to expand this year but private investment is at an all-time low. The country faces significant long-term problems for its principal exports, especially sugar and manufactured garments. At present, Fiji receives 2.5 times the world sugar price for exports to the European Union under the Lome Convention as well as similar concessions from the US. But the Lome Convention expires next year and Chaudhry has announced plans to restructure the sugar industry in order to lower costs.

Similarly the Australian and New Zealand governments

have signalled their intention of ending trade preferences for garment imports from Fiji. Garments make up 25 percent of Fiji's exports, but it is losing its competitive advantage against other low-wage countries. One manufacturer recently stated that the industry would be cut in half without the existing trade benefits and protection. A 1995 report stated that production costs in China are 50 percent lower than in Fiji.

Bowing to the demands of business, the government has scrapped one of its major election promises—the introduction of minimum wage legislation and a national minimum of \$120 per week. But Fiji Textile, Clothing and Footwear Council President Mark Halabe strongly opposed an increased minimum wage, saying that it would destroy the industry. The average wage in the garment industry is only \$60 per week. The government has backed down, with the Labour and Industrial Relation Minister Ratu Tevita Moemoedonu now declaring that a “liveable wage” would be introduced instead.

Regressive anti-union laws, introduced by army chief Sitiveni Rabuka following the military coup in 1987, are still on the books. The Labour Party, which was ousted in the coup, has dropped its previous promise to revoke the laws and is proposing instead a “comprehensive review”. Moemoedonu has stated that the government would only change the laws after “extensive consultation with unions and business”.

The Labour Party had been critical of the previous government's privatisation policies. But the Coalition government has announced it will continue the “restructuring” of statutory authorities and public enterprises to improve commercial performance—in other words to impose further cuts to jobs and conditions. It will either set up commercial statutory authorities, in the case of electricity, or corporatised government departments in the case of the water and sewerage authorities.

A major issue facing the government is the conflict over land tenure, which limits the availability of secure, cheap land for investors. In Fiji, 82 percent of the total land is held

under customary title by *mataqali* (effectively a collection of extended families with a common ancestor) and regulated by a system initially established by the British colonial government over 100 years ago. Of this land, 30 percent is leased to tenant farmers and these 30-year leases, which cover some of the best farmland, have begun to expire. Most will expire over the next two years.

The rents and conditions of the leases are prescribed by government regulation and controlled by the Native Land Trust Board (NLTB). The board is dominated by the conservative traditional chiefs and has close ties to the Great Council of Chiefs. Under the regulations, 25 percent of the rent goes to the NLTB, 22.5 percent to the chiefs, and 52.5 percent to ordinary members of the *mataqali*. The system is the basis of the power and wealth of the chiefs who have manipulated frictions over land between poor Fijian villagers and small tenant farmers, brought as bonded labourers from India by the British, for their own ends.

The IMF, World Bank and the Australian government have long demanded a guarantee of secure land tenure for foreign investors. In some cases, landholders have sought to renegotiate the terms and conditions *after* a lease has been granted, forcing businesses to close. Chaudhry proposed that leases be extended for another 30 years in line with an IMF demand, but the NLTB and the Great Council of Chiefs have blocked the move. Tenant farmers are being forced off their land and banks are beginning to call in their debts.

The land issue has the potential to trigger a severe crisis in the government's ranks. Already the parliamentary leaders of Labour's coalition partners—FAP and PANU, which are based on support from indigenous Fijians—have been ousted from their parties.

FAP leader and Deputy Prime Minister Adi Kuini Speed was dumped by her party after being denounced for failing to defend the interests of Melanesian Fijians, in particular over the land leases. After the High Court ruled that her ousting was against the party's constitution she was re-elected at a special general meeting with only 50 percent of the vote. Members of the minority faction have been calling for the ethnic Fijian parties to form a bloc against the FLP.

Apisai Tora was dumped as PANU leader last month after making racist comments about Chaudhry and openly colluding with the opposition. In 1987, Tora worked closely with Rabuka in fomenting anti-Indian chauvinism in the lead-up to the coup. The fact that he was chosen as a government ally at all is an indication of just how craven the Labour Party has been in accepting the entire political framework established after the coup.

Immediately after the coup, the Labour and trade union leaders indicated their willingness to work with the army leaders and chiefs who had colluded in their overthrow,

imprisoned their leaders, forced sugar workers to operate the mills at gunpoint and instigated gangs of thugs to beat up Indian farmers and businessmen. The Labour Party called off any protests and accepted Rabuka's blatantly discriminatory constitution.

Even though Rabuka modified the constitution prior to the last election it still divides voters into racially-based electorates. If the Council of Chiefs permitted Chaudhry, who is a Fijian Indian himself, to become prime minister and replace Rabuka, it is only because the country is in a deep economic and political crisis. Following the elections, Rabuka scotched rumours of another coup, calling for people to accept the government. Even Tora has ruled out any such move, for the time being, saying the 1987 coup “scared away a lot of people. It gave the country a very bad name—a very bad reputation.”

But such apparent tolerance of Chaudhry could change rapidly as the government policies produce discontent and protests at continued unemployment and poverty. Since achieving formal independence from Britain in 1970, the ruling class has never hesitated to use racial politics to divide workers and cling to power. As the comments of Tora and the move against Speed demonstrate, the chiefs will not tolerate any undermining of a land system that is one of their key power bases.

For his part, Chaudhry sought to appease the chiefs after the elections by giving prominent cabinet positions to his indigenous Fijian-based coalition partners even though Labour had a parliamentary majority in its own right. He has also made tentative moves to develop his own brand of Fijian nationalism by publicly attacking the presence of a large number of foreigners in Fiji and the employment of Chinese and Filipino workers in the garment industry. Chaudhry was quickly condemned by employers and the press who warned that such statements would scare off investors and lead to labour shortages.



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