

Fijian military junta imposes austerity budget

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The Fijian military regime's finance minister, Mahendra Chaudhry, introduced a revised 2007 budget on March 2, imposing the brunt of the small Pacific island state's disastrous economic situation on public servants and working people in general. With Fiji's Reserve Bank warning that the economy will contract by 2.5 percent of GDP this year, the budget represents a desperate bid by Commodore Voreqe Bainimarama's junta to deliver the requirements of investors.

The junta took power on December 5 after a protracted standoff between former prime minister Laisenia Qarase and Bainimarama, the military commander. Labour leader Chaudhry and his former Labour deputy leader, Poseci Bune, soon joined Bainimarama's unelected cabinet. Their decision to join the junta reflects Labour's underlying agreement with the austerity measures advocated by Bainimarama and sections of business that backed his coup. During national elections last May, Labour campaigned against Qarase on the basis of being better economic managers.

Bainimarama is clearly relying on Chaudhry and the Labour Party, particularly through its connections to the trade unions, to help stifle opposition to the budget. As secretary general of the Fiji Public Service Association, Chaudhry led Fiji's first-ever civil service strike in 1963. Now he is inflicting a 5 percent pay cut on public servants, together with savage cutbacks to public health and education.

Introducing the budget, Chaudhry declared that the "state of the government's finances is at its worst ever" and "I am therefore calling for sacrifice". He unveiled a \$F200 million (\$US120 million) cut from last November's \$1.7 billion budget under Qarase. Much of the reduction came from the pay cut for all civil servants, except for cabinet ministers. Chaudhry perversely described the pay reduction as "very kind this time", compared to the 15 percent slashed after the 1987 coup and the 12.5 percent in 2000.

Education spending was reduced by \$F13.9 million—4 percent of its allocation—and health by \$F5.2 million or 3 percent. Despite the magnitude of the cuts, Chaudhry claimed: "No important sector in the education and health ministry will be affected as a result of this reduction. Service delivery will remain as it is."

In reality, the education and health systems are already severely distressed. A Curtin University of Technology report in 2003 showed that one-third of schools have no electric power and there are limited numbers of computers and audio visual devices. Only primary school tuition is free.

According to the Fiji School of Medicine Dean, Professor David Brewster, the health sector is already under funded and has particularly suffered from the emmigration of doctors and nurses due to the successive coups. Fiji Nursing Association general secretary Kuini Lutua told the *Fiji Times* that in recent days, more than 150 nurses had applied to work in Canada, seeking more pay and better conditions.

Chaudhry sought to present the budget as a refusal to pander to a "bloated" public service at the expense of ordinary people. "This interim administration is adamant that the civil service will not be paid more at the expense of the poor," he claimed. In fact, the purpose of the budget cutting is not to assist the country's growing numbers of poor, but to meet the demands of foreign investors for "fiscal responsibility".

Many of Fiji's 25,000 public servants belong to the country's working poor and the spending cuts will result in reduced services to the most impoverished people. A cleaner at the Colonial War Memorial Hospital Chandra Wati told the *Fiji Sun* that with her weekly wages of around \$F100 (\$US60), "after deductions, I am almost left with nothing. I have to pay bus fare ... every day and it is really difficult. If this continues, we might end up with nothing more to eat."

By contrast, a local business tycoon praised the

budget. Motibhai Group of Companies chairman and chief executive Mahendra Patel said Chaudhry had done very well under the circumstances. Patel called for further privatisation and business de-regulation. “The good news is that the monopolies will get de-regularised,” he said.

Likewise, economists have said Chaudhry did not go far enough. University of the South Pacific Associate Professor of Economics Mahendra Reddy called the budget a “good start” but warned: “What the government needs to do during the year is to fast track the process of privatisation of those enterprises that are earmarked for it so that the 2008 budget can see a marked reduction in number of employees and the overall wages and salaries bill.”

Duty imposts on some goods were reduced, but this will do little to improve living conditions. Consumer Council of Fiji chief executive officer Premila Kumar said the reduced duty on certain food items such as goat, liquid milk, cereal and cheese would not benefit most people. Isimeli Gade, a father of two who lives in the Muanivatu settlement on the outskirts of Suva, said there was nothing in the budget to help the plight of squatter dwellers: “Most of us do not even eat cheese, cereal and even liquid milk is a luxury. They have reduced prices of food items that the poor do not eat. This is a benefit only to the middle class, not us.”

Pointing to the underlying economic crisis, the Reserve Bank’s February economic review warned of the impact of the “political developments [2006 coup] on the tourism industry... as well as the unanticipated closure of the Vatukoula gold mine in December,” which resulted in the loss of 3,000 jobs. Export earnings were falling, including from garments, sugar, gold, molasses, timber, footwear, textiles and coconut oil.

Although, the public sector unions have signalled possible strike action against the junta’s measures, this is illegal under the country’s emergency decree. Chaudhry was ousted from office in the 1987 military coup, when he was finance minister, and again in 2000 as head of a Labour-led government. Now he is lending legitimacy to a military regime that is using brute force to suppress any opposition.

In the latest outrage, Fiji *Daily Post* general manager Mesake Koroi was detained on March 1 at the Queen Elizabeth Barracks. Land Force Commander Colonel

Pita Driti said Koroi had been detained for his newspaper’s stance against the military.

Hundreds of people joined the March 2 funeral of Sakiusa Rabaka Ligaiviu, 19, who died after being picked up by the military on January 28 and subjected to physical abuse in custody. The large crowd indicates that opposition to the military regime is building up beneath the surface, a process that Chaudhry’s budget will only accelerate.



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