Labour ministers quit Fiji's military regime

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Labour Party leader and interim Finance Minister Mahendra Chaudhry has resigned from Fiji's crisis-ridden military regime along with two other Labour Party ministers, depriving interim Prime Minister Commodore Frank Bainimarama of a key political prop. Since taking power in a military coup in December 2006, the regime has been unable to fulfil its aim of stabilising the Fijian economy and is riddled with internal contradictions.

Chaudhry resigned on August 18 after weeks of speculation in the country's press that he was about to be sacked. He quit along with Labour Minister Lekh Ram Vayeshnoi and Tourism and Communications Minister Tom Ricketts, after a Labour Party national council meeting in Nadi rubberstamped the move.

Chaudhry claimed that he stood aside to prepare for the next election—even though the junta has indefinitely postponed the poll, originally set for March 2009. While the exact circumstances of Chaudhry's departure are uncertain, his position became untenable after the junta reversed two of his economic initiatives behind his back.

The first was to cut a fuel subsidy agreed with the Fiji Bus Operators Association (FBOA) from 18.6 percent to 10 percent. The FBOA responded by pulling its vehicles off the road on July 3 in protest. The strike was called off after a few hours after Bainimarama met with bus operators and committed to hold an inquiry into their claims.

The second was Chaudhry's decision to impose a 20-cent per litre export duty and 20-cent per litre excise duty on all bottled water sold locally. Ten firms that export water from Fiji reacted by closing their plants and dismissing 720 workers. The industry is one of the few that has been performing well, with exports of around 45 million litres each year earning $F150 million. A military council meeting on July 23 unilaterally overturned the duties in Chaudhry's absence.

Whether he resigned or whether he was pushed, Chaudhry's departure is a product of the deepening tensions produced by the country's continuing economic and social crisis. The economy was a critical element in Bainimarama's ousting of Prime Minister Laisenia Qarase in 2006. Sections of business backed the coup as a means of ending Qarase's discriminatory policies in favour of ethnic Fijians, particularly the chiefly elite.

The confrontation between Qarase and the military developed over legislation to hand over title to the foreshores to the Fijian chiefs and to give legal indemnities to the participants in the 2000 coup attempt. The former measure earned the ire of the large tourist companies. The latter was opposed because it opened the door for further political uncertainty and continued communal tensions between ethnic Fijians and the country's substantial Indo-Fijian minority.

The Labour Party joined the military regime even though the party had been the target of the 1987 and 2000 coups. In 2000, a Fijian chauvinist George Speight and a group of elite soldiers took control of the parliament building and held the entire cabinet hostage. Chaudhry, the country's first Indo-Fijian prime minister, came in for particular racist abuse from Speight and his cronies. Bainimarama then imposed martial law and brokered a deal to end the lengthy siege, but refused to reinstall Chaudhry and instead selected Qarase, a former merchant banker, as the new prime minister.

In 2007, however, Chaudhry had no compunction in joining Bainimarama's junta and implementing its economic austerity measures. In the 2006 elections, Labour had campaigned as the party best equipped to meet the demands of foreign investors. Once he entered the military regime, Chaudhry took over the major economic posts of finance, national planning, public enterprise and sugar reform, and his colleague Lekh Ram Vayeshnoi held the key labour ministry.

Labour bears full political responsibility for the gross abuses of democratic rights carried out by the army. The regime closed the parliament, threw out the constitution and declared emergency rule, mounting checkpoints throughout the country. Scores of political opponents were detained and in some cases tortured. Several died in custody or soon after release.

In March 2007, Chaudhry imposed a series of savage cost-cutting measures, including an across the board 5 percent pay cut for public servants. Thousands of public sector jobs were eliminated through the reduction of the retirement age

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from 60 to 55. Education spending was reduced by $F13.9 million—4 percent of its allocation—and health by $F5.2 million or 3 percent. The resulting strikes by nurses, teachers and other government workers were shut down by the Labour and union leaderships.

Having left office, Chaudhry absurdly claims that the Labour Party did not support the December 2006 coup, but only joined the regime later to prevent an economic collapse. "I was given the role [of finance minister] by the president to reverse the trend, we had a huge budget deficit, the government was in debt. Otherwise we'd be in dire straits by now," he told Fiji Television last weekend.

Bainimarama's coup was primarily aimed at creating a favourable foreign investment climate to win the support of the regional powers, but has failed to do so. All major sectors of the Fijian economy are in decline. Despite Chaudhry's self-serving claims to have saved the economy, the latest figures produced by the Reserve Bank of Fiji show that the economy shrank by a massive 6.6 percent during 2007 and the predicted growth rate is just 2.2 percent for 2008 and 1.1 percent for 2009.

The regime failed to win support from Australia and New Zealand, which imposed sanctions after the military takeover. Fiji now faces suspension from the Pacific Islands Forum (PIF) for refusing to hold promised elections in March 2009. This month's PIF meeting threatened to invoke the Biketawa Declaration on Regional Security, which was used by Canberra to deploy Australian police and troops to the Solomon Islands (in 2003), Nauru (2004) and Tonga (2006). Bainimarama's attempts to obtain alternative support from China as a counterweight to Australia, New Zealand and the US have failed to produce significant aid, apart from a $US150 million "soft loan" awarded in 2007.

Bainimarama claimed that elections could not be held until the junta's so-called "Peoples Charter" was endorsed. The document, released on August 6, reverses aspects of entrenched bias against Indo-Fijians by proposing a common electoral roll that would not discriminate on the basis of ethnicity. It also makes a distinct populist pitch, promising to eliminate poverty by 2015 and to rebuild Fiji into a "truly democratic nation". On August 8, however, police confiscated television tapes of an interview with nationalist leader Saula Telawa and arrested him the next day for making anti-charter comments.

The main thrust of the "Peoples Charter" is to reassure business and international investors. It proposes to end the country's coup culture, make land more available for investment and restructure the civil service. The regime is desperate for foreign capital and aid.

Major industries, such as sugar and garments, are in terminal decline. The sugar industry is collapsing due to the refusal of Fijian chiefs to renew the land leases for mainly Indo-Fijian sugar farmers. The situation has deteriorated to the extent that in May the Fiji Sugar Corporation announced it had negotiated the purchase of 45,000 tonnes of sugar to meet local and regional needs—when once Fiji exported sugar.

The garment industry has been in decline since 1998 due to the end of preferential trading deals with Australia and the US. Tourism has failed to recover since the 2006 coup. Tourist numbers were up by 25,000 or a modest 4.6 percent in 2007-2008, but only because major hotels offered huge discounts of 40-50 percent.

As in other Pacific Island states, rising prices for basic commodities such as fuel and food are causing widespread hardship. Inflation was 6.9 percent for June and is predicted to be 7.5 percent for the year. An estimated 40-45 percent of the population are below the poverty line. The income of 55 percent of those with a job is also below the poverty line.

The Director General (Pacific Department) of the Asian Development Bank (ADB) recently estimated that increases in world prices could lead to a 10 percent reduction in the spending power of low-income households. He warned that an additional 5 percent of the people in Pacific Island countries may go into poverty in 2008.

The most vulnerable sections of the Fijian population live in squatter settlements on the outskirts of the major cities—Suva, Lautoka and Nadi. Most are evicted sugar farmers or the working poor, who face an uncertain future as the settlements are illegal and can be demolished at the whim of landowners or the government. Few dwellings are connected to water and power. The most recent estimate in 2006 established that 12.5 percent of the population live in such settlements.

The regime is clearly confronting mounting economic problems. Chaudhry's attempts to rein in the budget by imposing new import duties and cutting fuel subsidies came into conflict with the interests of bus operators and bottled water manufacturers. At the risk of undermining the junta's credentials for "fiscal responsibility", Bainimarama decided to appease local business, dispense with Chaudhry's services and assume the key post of finance minister himself. None of these steps will end the growing discontent and hostility among working people to the continuing decline of living standards, setting the stage for another political crisis.

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