

Poverty, corruption and governance in Fiji

Scott MacWilliam

Poverty is receiving increasing attention in Fiji, as well as in other countries in the South Pacific region.¹ Where once it was claimed that because of the strength of subsistence production and cultural practices which secured redistribution of goods there was no poverty in the South Pacific, now the position is less certain. Although there had been earlier attempts to draw attention to the existence of widespread poverty (Barr 1990, Government of Fiji and UNDP 1997), now the gathering international and local consensus is that substantial numbers of urban and rural people live in absolute poverty. Further, conditions are becoming worse, and have been exacerbated by the takeover of parliament and overthrow of the People's Coalition Government in May 2000.

Poverty seems to be following those two earlier identified conditions that have entered descriptions of contemporary Fiji, corruption and bad governance. Less clear is exactly what the ills are, and how they are connected. Some of the debate surrounds matters of measurement, as well as the long-running controversies over the very idea of relative poverty.² Other arguments arise over the causes and consequences of impoverishment, corruption and bad governance. For instance, why isn't poverty just an indication that markets, especially for

labour, are starting to clear, with wages being lowered rather than remaining 'sticky on the down-side'? Once wages fall far enough, will this not provide the most important if not sole condition for the appearance of that class-in-waiting, the entrepreneurs previously inhibited by too high wages, who will now engage the unemployed in their factories and on large farms?

Similarly, isn't corruption just a synonym for the use of personal contacts and knowledge, particularly by the same local entrepreneurs, who employ this privileged information in their struggle to push out multinational rivals? If so, is the designation corruption not a welcome sign of desperation on the part of international firms and their acolytes, an attempt to put a moralistic gloss on the tussles in an attempt to further stymie the rise of a vibrant local commercial class?

And governance? Everybody knows this was and continues to be an old idea given a contemporary twist from 1989 on, by the World Bank to overcome limits which had appeared in the structural adjustment phase of the late 1970s and 1980s reforms (Shah 1997). Is the drive for governance reforms not just more neo-colonialism and western imperialism, which might, paradoxically extend poverty? Does the drive for

governance reforms and against corruption not also check the very redistributionist measures, from the wealthy chiefs to their followers, which have been so important previously for limiting inequality?

Here it is argued that understanding and describing poverty, as well as corruption and governance, in Fiji should be extended and deepened. One direction for consideration involves focusing attention on the nature of the wealthy who have become so prominent over the last 20 years and who dominate Fiji's political economy.³ This paper suggests several matters of importance for such a consideration. It begins by suggesting that much existing criticism is misplaced, or at least misunderstands the nature of the earliest, primary phase of accumulation as it has occurred elsewhere, including in the developed industrial countries. Corruption, for instance, was a prominent feature of the nineteenth century actions of the 'robber barons' in the United States, commercial figures who employed forms of accumulation that provided the starting point for the fortunes of some of those who are now most prestigious families of 'old money' in the United States. Shouldn't corruption in contemporary Fiji be considered in the same historical light?

The central point of this article, however, is that in Fiji the wealthy contain little more than the buccaneers. In part this is a consequence of emigration. Out-migration is usually decried because of its effect on the availability of skilled workers and professionals. At least as devastating is the contribution emigration makes to the weakness of the stratum which English economist and government official John Maynard Keynes called the educated bourgeoisie. Fiji tends to dance to the tune played by the recently wealthy without the direction provided elsewhere and at important phases by this most critical stratum.⁴

Fiji's wealthy

Although little studied as yet, the rise to dominance of local business men and women is especially obvious. This rise is neatly symbolised by the present government, the most substantial fusion of economic and political power in Fiji's post-colonial history. Indeed, during the 2001 election campaign, then Interim Prime Minister Laisenia Qarase claimed that the party he led, the Fijian Unity Party (SDL), had as candidates only successful business and professional men and women. Since the election, the claim has probably been strengthened as people who have combined business and representative politics leave other parties and join the SDL.

The importance of politics for the rise of the local, and especially ethnic Fijian commercial class, has gone beyond securing the general conditions for accumulating wealth, getting monetary and fiscal policies right, and so on. Political power has been vital because assets have been secured through and of the state. State funds, licences, property leases, contracts and other arrangements have formed the basis of commercial advance. The provision by governments, elected and otherwise formed, of large blocs of funds for particular companies and individuals has been a continuing feature of Fiji for almost twenty years. Being on the outer with government has often been an insurmountable barrier to getting started or the end of seemingly unassailable positions.

As well, there are no restrictions on people holding state positions from straddling into various forms of commerce and agriculture. Membership of key boards forms the basis for acquiring privileged information, loans and other assets, including large farms and fishing licences.

The close connection between economic and political power for commercial advance was made especially obvious when the

parliamentary overthrow of the People's Coalition created uncertainty in the power bloc. The steady stream of business people seeking special arrangements from the terrorists in exchange for support demonstrated how accumulation has been tied directly to state power in Fiji.

Before discussing other features of the process of becoming wealthy over the last two decades, two general points need to be made. First, the rise of local capital largely occurred after the long post-war boom had ended internationally and growth slowed worldwide, with surpluses a continuous feature of many agricultural commodity markets. Second, rightly or wrongly, the 1980s and early 1990s have been described as the period of casino capitalism globally and in many countries, referring to the speculative 'excesses' when 'greed is good' reigned as a justification for all manner of commercial activities. In numerous countries, including the United States, Australia and Japan, scandal after scandal rocked formerly staid business circles, as entrepreneurs disappeared and reappeared in safe havens around the world. The National Bank of Fiji saga in Fiji was in an important sense typical of the period. In Fiji, therefore, primary accumulation by local entrepreneurs had both its own particular character and some of the global qualities, including the fact that state funds flowed through banks according to political criteria as much as matters of profitability.⁵

Additionally, in Fiji, local capital took on the flavour of indigenous rights, the need to redress general historical wrongs through the accumulation of specific indigenes. The rights of other indigenes, however, to land as the basis of acquiring consumption, the so-called subsistence sector, collided with this advance of indigenous entrepreneurs. In particular, the smallholding presence restrained any widespread move into largeholding agriculture, beyond a few farms constructed as freehold and leasehold in an

earlier period.⁶ Local, indigenous and Indo-Fijian commercial ambitions were forced into urban and peri-urban property, finance, franchise holding, trade, garment and food production and some sections of tourism. The takeover occurred rapidly and thoroughly, gathering pace after the 1987 coup and further military intervention. Straddling between holding state positions and becoming commercially successful was an especially prominent feature of the movement.

By the late 1990s, however, there were few possibilities left for further advance locally. Privatisation of state assets had become one of the few remaining avenues, but even this was checked by the scale of the earlier largesse provided for local business, limiting the ability of the government to grant further assistance.

The People's Coalition and local capital

A tension lay at the centre of the task facing the People's Coalition and especially the Fiji Labour Party (FLP) upon its electoral success of May 1999. While the Coalition was dominated by the FLP, with its historic ties to forms of organised labour and cane growers, the Mahendra Chaudhry-led government inherited the task of increasing economic growth, in general, as well as extending the particular place occupied by local capital.⁷ Its capacities for the task were not, as might seem at first sight, inherently slight. If the Prime Minister and some of his closest ministers described themselves as socialists,⁸ without close and warm ties to many business people, nevertheless representing labour in capitalism meant concern for unemployment and declining living standards. Thus the government sought to attract and encourage investment, while raising the capacity of working people to lift their consumption by removing or reducing state taxes and charges. Its principal

objectives, of increasing growth, employment and reducing poverty, did not necessarily rule out representing particular forms of local capital. Indeed, if widening and deepening local markets opened more space for local business, then the People's Coalition Government might have also succeeded in representing particular local capitalists in capitalism.

This point was understood by the reception local business gave the People's Coalition's sole budget, presented and passed in the second half of 1999. The most substantial objections to the budget came not from business men and women who generally were laudatory. The strongest complaints were regarding the extra funds provided for the military and the insufficient attention paid to what might be termed the pre-election promises for an activist social agenda, especially regarding women. Indeed, as economist and National Federation Party politician Prasad concluded after assessing the budget

...the Chaudhry Government may have just been a capitalist government in a socialist garb, like many Labour governments in other parts of the world (2000:173).

But 'capitalist governments' don't just represent capitalism in general, they also represent particular capitalists, as well as the would-be accumulators and their allies. President and major indigenous businessman Ratu Mara's crucial role in supporting the People's Coalition was indicative of the fact that some commercially important people understood the potential of the Chaudhry Government. (Mara, too, had a long history of warning about the potential danger of increasing unemployment). The election and the subsequent construction of the governing coalition had marginalised key sections of new indigenous wealth in the principal arenas of representative politics. The crushing of the NFP, party of the most

substantial Indo-Fijian business people, also politically stranded these, as the overt hostility between the government and trader-industrialist Hari Punja soon demonstrated.⁹

Throughout late 1999 and early 2000, the new government also began to remove representatives of the 'new money' from a range of state boards and other agencies. Removal was necessary because the government needed to break the stratum's hold upon state assets, in an attempt to garner resources for its own program of state-directed advance. These assets included the mahogany forests planted during the colonial period as a means of strengthening future state revenues but which local capital was desperate to privatise. The determination to marginalise many of the representatives of local, and hence primarily ethnic Fijian, capital from official fora left the most aggressive local accumulators with only extra-parliamentary politics open if state power was to be recaptured and the stalled commercial advance revitalised.

The parliamentary takeover and the reaction of racial development

The terrorist attack on parliament as well as the subsequent jostling for political power in the unelected and elected governments of the next 18 months emphasised three features of Fiji's political economy. The first was how heavily dependent the local class of capital was on a direct, unmediated hold on state power. The barrel of the gun eventually re-installed to power the class which had been marginalised by the May 1999 election and the People's Coalition victory. Even the parallel fall of local commercial empires built up in the 1990s by businessmen-politicians stressed the overriding importance of holding political power for commercial advance.

Second, it became clear that increasing unemployment and under-employment,

especially but not solely among young people, provided a ready supply of foot soldiers to be mobilised. The People's Coalition had recognised the extent of growing impoverishment and sought to turn a widespread condition of working people into both electoral advantage and economic growth for a generalised entity described as the nation. But those marginalised by electoral defeat were just as willing to build an oppositional, extra-parliamentary coalition out of the same growing poverty. While these spokesmen for local capital patently could not claim to represent 'all the poor', they were able to proclaim the cause of 'some poor', that is, indigenes. The expensively dressed spokesman for the rebels, funded by local businesses, was thus able to wrap together within the *vanua*, millionaires and unemployed youths.

Yet having raised the cause of racial supremacy, the terrorists could take it no further with their limited grip on political power. What was required was a political form that could advance the cause of particular 'poor', that is indigenous business men and women, by a means that re-established representative ties to more if not 'all the people', as well as satisfied international norms demanding 'thin democracy' (see MacWilliam, forthcoming). This was the means of which many prominent Fijians spoke during and after the hostage crisis when they claimed to 'support the cause but not the means' promoted by the rebels.

The third feature of the post-takeover and coup period therefore became how two forms of poverty were united in the name of racial preservation, and even racial development. The formation of an unelected and then elected interim government provided just this outcome. Prior to, during and since the August 2000 election, the state coffers have been plundered by representatives of local, primarily indigenous business not only to satisfy commercial ambitions in an economy

crippled by the circumstances which brought the class back to a more substantial grip upon state power. State funds have also been garnered in order to advance a claim that indigenous businesses are the representatives of a 'poor' race, in need of preservation if not also development. Accountability in the name of and for the purpose of racial preservation is the form of accountability which rules in contemporary Fiji.

What then of governance in Fiji? One of the reasons why governance became so important internationally in the late 1980s and 1990s was in order to deal with the politics of economic reform. It was in part an attempt to deal with what had arisen or at least come to the fore in the spaces created by the earliest phase of structural adjustment, namely accumulation and acquisition through so-called corruption. Hence the description of governance as managing the nation's affairs in order to bring national development, rather than just commercial advancement for and by the local wealthy. A principal feature of the literature on governance, especially but not solely for Africa and Latin America became how to deal with 'patron-client politics' or clientilism practised by a kleptocracy (see Bayart 1993 and Bayart, Ellis and Hibou 1999). Yet in the South Pacific and Fiji in particular, the plundering was rarely given any similar content, but tended to be dressed up in little more than moral quasi-religious garb ('stealing is bad, anti-Christian'), or in instrumentalist terms ('corruption limits economic growth').

The idea of governance has two other important features, beyond providing a political framework for economic reform. First, it assumed a class or stratum of 'national managers', trustees for development, who stood outside the direct process of accumulation and who could frame and guide a national path of advance. Such trustees, as has been systematically explained (Cowen and Shenton 1996), are a continuous

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presence whenever development becomes intentional, more than a spontaneous process.

Second, during the 1990s, governance proposed means for tying rulers and ruled together. Accountability, openness and transparency were coupled with ideas of popular participation, even generalised human rights to empowerment. That is, governance sought to suggest measures by which rulers would see other indicators of economic growth beyond the success of particular enterprises; that is, extend growth and progress into national development.

As governance was enlarged, development also came to have a changed focus: poverty reduction or even complete removal. Thus a recent Asian Development Bank document opens with the statement

Poverty is an unacceptable human condition. It is not immutable; public policy and action can, and must, eliminate poverty. This is what development is all about (2001).

Internationally, development continues to edge closer once again to that fusion of spontaneous and intentional development which characterised the post-World War II 'golden age' of development. Greed is good no longer, and even philanthropy is making a major comeback.

Conclusion

Against these international changes, in Fiji the buccaneers once again command the ship of state, even more committed to racial preservation and development through the plundering of state assets. The 'poor' wealthy see the 'poor' poor as little more than parliamentary takeover and/or electoral fodder, to be pushed back into the countryside on subsistence smallholdings or scraping out a meagre living with occasional employment and marketing produce.

At the same time, the very institutions which might enhance the formation of the

'missing' wealthy, the educated bourgeoisie, continue to be weakened. The most important educational institutions, for instance, are forced to consider themselves primarily as providers of education for would-be migrants and not as having any national developmental role. Weakening the so-called middle class, widely seen as providing the support base for undesirable foreign influences, including demands for liberal democracy, is regularly paraded as an objective of state policy. 'If you don't like it here, you can always leave-but please send remittances back on a regular basis' is not confined to other, smaller South Pacific countries.

It is the poverty of so many low-income and expenditure households, in Fiji and elsewhere in the world, which might provide the best hope for national development in the country. Raising living standards through 'pro-poor' policies, which include measures to reverse the 'brain drain' and funds to push countries to adopt poverty reduction strategies, is a direction which is gathering weight internationally. While the direction still has much that suggests its intellectual debt to the neo-liberalism of the 1980s (Collier and Dollar 2002), nevertheless trying to bring development, as distinct from it simply occurring spontaneously, is fast returning to a position of importance in the battle-ground of ideas internationally (Sen 1999 and 2001, UNCTAD 1999 and Rodrik 2001). The limits of market-driven development are now continuously paraded, and the importance of the state for growth and poverty reduction has well and truly returned to prominence.

If this is correct, and we are now on the cusp of a major international change, the principal question for Fiji is from where will the developers come, prepared to exercise trusteeship on behalf of national development? If the buccaneers are to be displaced, the rise of impoverishment to be checked, bad governance and corruption to

end, who will do it and how will it be done? Certainly those who now hold power for little more than the plundering of state assets will not go gracefully from the stage or without putting up a fight.

Notes

- ¹ For recent instances, see World Bank *Pacific Regional Strategy May 2000 Report* No.20370-EAP; Asian Development Bank *Poverty: Is it an Issue in the Pacific?* March 2001; and Alastair Wilkinson and Forum Secretariat 'Poverty in the Pacific Context' Regional Social Development Workshop Suva, 6–8 February 2002.
- ² For a 'dry' statement against the continuous employment of relative poverty, see R.M.Hartwell, 1988, *The Long Debate on Poverty* Occasional Paper No.21, The Centre for Independent Studies, St Leonards, NSW.
- ³ This will be a controversial conclusion, for there are some, including academics and others, who would agree with the proposition advanced by Robertson and Sutherland, 'Indians do not dominate the Fiji economy; transnational corporations do' (2001:xviii). Nevertheless, as I have tried to show in a series of as yet largely unpublished papers, it is my contention that since the late 1970s the rise of a local, mainly indigenous Fijian layer of business has become the predominant force driving developments in Fiji.
- ⁴ An especially insightful analysis of the relationship between the 'propertied' and 'educated' bourgeoisie in the nineteenth century development of industrialisation in Germany is provided by Blackbourn (1991). Blackbourn stresses that despite their different positions in production, exchange and state employment, the two shared similar values, believing that the values of hard work, achievement and competition that they represented were those of, and for, German society as a whole.
- ⁵ An account of the National Bank of Fiji, soon to be published, suggests how this institution

conformed to the description of a political bank employed in other countries. For the case of similar banks in Kenya see Cowen and MacWilliam (1996) and for Fiji see Ratuva (2000).

- ⁶ This restraint has, of course, been the subject of much attention by economists and others in Fiji: see, for instance Prasad and Kumar (2000).
- ⁷ Forsyth (1997) notes the long-term trend of near-stagnation in the Fiji economy since the late 1970s.
- ⁸ Prasad takes this self-description too seriously when arguing that the People's Coalition parties' election manifesto indicated 'a strong socialist agenda' (2000:162). His own list of pre-election promises indicates that centrist social democratic is more accurate.
- ⁹ The politics of the period after the election, the subject of much controversy, is examined in detail in the author's forthcoming *Things Crash (Again): racial development in Fiji*.

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