

Affirmative action policies and poverty alleviation in Fiji: An examination of post-coup policies and programmes

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Introduction

Affirmative action programmes are designed to alleviate discrimination against individuals and groups. As debate continues in Fiji about the validity of the conservative approach to affirmative action a number of questions need to be asked. What are the monetary costs? Is there a basis to justify affirmative action policies for indigenous Fijians? Have affirmative action policies reached the targeted population? Is the policy constructive or counter-productive? Does it lead to the violation of the civil rights of other communities in a plural and a multi-ethnic society like Fiji?

The genesis of affirmative action programmes in Fiji

Affirmative action programs in Fiji began with colonial rule, when the government's policy on land and education was designed to provide special protection for the indigenous Fijian community. This conservative view of affirmative action and protection of indigenous Fijian culture and tradition was enshrined in the 1970 constitution and more specifically in the 1990 constitution. Under the 1990 constitution, programmes and policies were initiated which actually discriminated against the economically disadvantaged groups from other ethnic minorities. Since independence in 1970, government policies have produced various programs for affirmative action for indigenous Fijians. Narayan (1984) and Overton (1988) point out that the process and nature of economic development pursued by the colonial government led to an unequal development and the distribution of benefits. This was later translated into programmes and policies to bridge the gap between the indigenous Fijians and Indo-Fijians in education and commerce.

Affirmative action policies have been used worldwide to bridge the economic gap between ethnic groups which has arisen because of discrimination. Notable examples are the policies to bridge the economic gap between blacks and whites in the United States and between the Chinese and ethnic Malays in Malaysia. Similar programs are in place in Australia and New Zealand to bridge the gap between the migrant and indigenous communities. There is no consensus on the approach to affirmative action amongst policy makers around the world. Some advocate affirmative action based on ethnicity and race and others advocate affirmative action based on need, that is, because of class or to assist the poor and disadvantaged. In Malaysia, under the new economic policy (NEP)

of 1970, the *bhumiputras* or ethnic Malays as a community were considered in need of affirmative or positive action to improve their living conditions.

Fiji has taken its cue from these countries and more specifically from Malaysia in attempting to raise the living standard of the indigenous community. Ratuva (2000) distinguishes the conservative and the progressive view of affirmative action in Fiji. He points out that the conservative view is that which is being pushed forward by the so-called *taukei* nationalists, who believe in the supremacy principle and that state resources should be directed towards helping exclusively the indigenous Fijians regardless of their income position. This view was firmly entrenched in the 1990 constitution, which was adopted after the 1987 coups. The more progressive view is based on the 1997 constitution (especially that envisaged in chapter 5 of the constitution). This is a more liberal position based on the idea that the disadvantaged in all ethnic groups must be a target of affirmative action programs.

Current status of affirmative action policies in Fiji

Fiji is a multi-ethnic country with two distinct ethnic groups: Fijians and Indo-Fijians, who respectively comprise 50 per cent and 43 per cent of the population. The issue of the indigenous community being economically disadvantaged has been raised in many forums. These include inflammatory statements in parliament that political instability will continue if the indigenous community continues to be disadvantaged. For example, in a statement in parliament reported in the *Fiji Times* (4 March 2002) Ted Young MP said, 'The National Centre for Small and Micro Enterprise Development should cater mainly for Fijians and Rotumans until their participation in the business arena equals others'.

This type of call has followed the events of 19 May 2000 when the democratically elected multiracial government was deposed to allow Fijian supremacy and governance by indigenous Fijians. The Interim Government enacted a blueprint for raising the perceived low standard of living of the Fijian community. This is not the first time that we have seen a blueprint for affirmative action in Fiji. In fact, past governments have instigated a number of plans and programmes targeted to the indigenous community. Ratuva (2000), and Robertson and Sutherland (2001) provide very useful accounts of some of the programs that have been undertaken at the expense of taxpayers of Fiji.

There are two myths about the economic disadvantage of indigenous Fijians that are perpetuated by the indigenous Fijian nationalists and politicians. One is that all indigenous Fijians are economically disadvantaged. The second is that all Indo-Fijians are economically advantaged and have better education and employment prospects. However, Robertson and Sutherland (2001) point out that research undertaken in the 1990s has shown that 79 per cent of indigenous Fijians and 89 per cent of Indo-Fijians belong to the disadvantaged group, which includes small farmers, wage workers, peasants, unpaid family workers and the unemployed.

What are the policies of the current government?

The current government came to power on the wave of Fijian nationalism which propagated economic disparity between Indo-Fijians and indigenous Fijians. It has embarked on an ambitious affirmative action program through the so-called 'Blueprint for the Advancement of Indigenous Fijians' (Government of Fiji 2002). According to Robertson and Sutherland (2001:102) 'the Blueprint is essentially a re-packing of old recipes'. This is not the first time that such assistance packages have been proposed by a Fijian-dominated government. The Fiji Development Bank is a permanent institution for affirmative action programs and funding for Fijian participation in commerce. The blueprint essentially provides the following measures:

- Government to provide a grant to establish a Fijian Development Trust Fund for investment to generate interest income to be used for, among other things, funding for the Fijian Foundation, leadership and other training programmes, and any other purposes approved by the Great Council of Chiefs;
- A compulsory national savings scheme for Fijians to finance increased Fijian equity and other forms of participation in business, and also investment in education;
- Government to recommence financial assistance to the Native Lands Trust Board through annual grant support;
- Government to provide a grant to endow the proposed Fijian Development Trust Fund;
- Government to provide extra funding to the Fijian Education Fund for more Fijian scholarships, more support for Fijian schools and research into Fijian education issues;
- Government to convert into a grant its F\$20 million interest-free loan to the Fijian Affairs Board to purchase shares in Fijian Holdings Limited;
- Government to provide interest-free loan to Yasana Holdings Limited;
- Reserve 50 per cent of government contracts for Fijians;
- Continuation of the Fijian Development Bank Loan Scheme for Fijians;

- Re-instate government budget provision of F\$500,000 for interest-free loans to assist Fijians to buy back ancestral land alienated as freehold land;
- Government to reinstate annual allocations of F\$1.5 million as grants, not interest-free loans, to provincial councils for participation in business;
- Assistance to Fijian landowners who take up sugarcane farming on their reverted land;
- Government to rent buildings owned by Fijian Provincial Councils and companies; and
- Tax exemption for Fijian companies.

The siphoning of government finances towards funding blueprint proposals continues in many forms (Reddy et al. 2001). Recently, F\$3m dollars was allocated as a Seed Capital Revolving Fund to enable the indigenous community to participate in the fishing and forestry industry. However, the most controversial project was the Farming Assistance Scheme, which has drained millions of dollars of Fiji government finances due to mismanagement (Government of Fiji 2001). The question that should be asked is whether ordinary Fijians will benefit from any of these proposals. In the past, only the elite and well-connected benefited from these taxpayer-funded programs, which were often poorly managed and open to misuse of funds by those driving the projects (Robertson and Sutherland 2001). The key issue surrounding the blueprint measures is that they are not supported by the majority of the people. Some of the measures are discriminatory and in contradiction of the government's own economic policies. Potential investors see this as an undue interference by the government in the economy, and those who pay taxes and do not belong to the indigenous Fijian community feel that these programmes are racially motivated.

The proper use of such funding allocations, particularly on capital projects, can have beneficial effects on the whole country. However, when funds are mismanaged and spent on raising the consumption expenditure of the select few, the whole purpose of the exercise is defeated and much-needed government resources are drained. The former governor of the Reserve Bank of Fiji and the current Vice Chancellor of the University of the South Pacific, Mr Siwatibau, recently stated that Fiji has lost around F\$500m over the last 12 years due to bad governance (*Fiji Times*, 7 February 2002:1).

Economic disparity in Fiji: Is there a case for affirmative action?

Indigenous Fijian politicians and the Native Land Trust Board (NLTB) argue that Indo-Fijians are economically well-off because they receive a lot of income from sugarcane farming. This is also one of the reasons advanced by the NLTB for not renewing agricultural leases (mainly sugar). It must be pointed out that the majority of the sugarcane farmers are smallholders producing an average of 150 tonnes of sugarcane annually. The World Bank country report of as late as 1995 showed that each farmer received less than F\$4,500 per annum (1995). If rent increases and other

pressures such as demand for goodwill payments are considered, the figure amounts to a meagre F\$2,400 per annum. However, despite this low-income position of the majority of the cane farmers, the sugar industry has remained the lifeblood of the economy (Prasad, 2001).

Various recent poverty reports indicate that almost the same percentage of people live below the poverty line in both major ethnic communities (Ahlburg 1995, Barr 1991; Byrant 1992; Naidu 1999). More significantly according to the Income and Expenditure survey data of 1991–92, the poorest of the poor are Indo-Fijians (Fiji Bureau of Statistics 1994). It is also often suggested that Indo-Fijians have commercial control in Fiji. Again, this seems to be an exaggeration for the consumption of the international community and the ordinary Fijians. Those who put forward this view conveniently ignore the fact that the largest and key industries in Fiji are either owned by foreigners or controlled by large domestic interests supported by the successive Fijian governments. For example, shipping, oil and petroleum, the automobile industry, banking, mining and accounting services are largely controlled by foreign interests. Income disparities between the communities are not significantly different. The 1997 *Fiji Poverty Study* states:

Income differences within each of the major ethnic groups are more significant than between ethnic groups. While overall, Fijian households have the lowest incomes and Others have the highest, the lower-income Indo-Fijian households are worse off than lower-income Fijian households. Low-income Others in rural areas are the worst off of all. There are more Indo-Fijian households in the very poorest section of society, numbering just over half all poor households. They have an average income 14 per cent lower than Fijian households. In the highest bracket, the average income of Indo-Fijian households is 42 per cent higher than high-income Fijian households. Fijians predominate in the middle income groups. Fijians in urban areas are relatively the best off. Poverty is in all communities, not just particular ethnic groups or sections of the society (UNDP 1997:12).

According to the 1996 annual employment survey, indigenous Fijians comprised 46.8 per cent of the total number in paid employment, an increase of 1.7 per cent since 1993, while Indo-Fijians made up 46.6 per cent of the total, a decline of 1.3 per cent since 1993. If the same trend were followed then in the year 2000, indigenous Fijians would represent about 48–49 per cent of the total in paid employment while the Indo-Fijians would be representing only 44–45 per cent. In terms of sectoral composition of paid employment, there are more indigenous Fijians in agriculture, forestry, fishing, mining and quarrying, electricity and water, transport and communication, and social and personal services. Indigenous Fijian numbers are fast increasing in the manufacturing, wholesale and retail and construction sectors (Fiji Bureau of Statistics 1996). Financial support of unjustified affirmative action policies not only undermines the confidence in the country, but it also leads to wastage of national resources. It leads to incompetence and mediocrity both in the civil service and the private sector.

Concluding comments

The preceding analysis reveals that the arguments to support affirmative action for indigenous Fijians are unsubstantiated. These include the perception that all indigenous Fijians are economically disadvantaged and that Indo-Fijians are economically well off. Affirmative action as proposed in the blueprint goes against the government reform agenda. The forces of globalisation require government to pursue policies based on equality of opportunity for those who want to undertake investment and engage in trade. Fiji cannot on one hand promote the reforms for free trade, and on the other institute policies which distort the market. This has been the case since the radical reforms of 1987 when the urban-manufacturing sector was promoted at the expense of the agricultural sector. Fiji cannot 'have the cake and eat it too'.

Affirmative or positive action for the advancement of economically disadvantaged groups must be formulated as a national policy and must have ownership by all groups to succeed. A number of studies of affirmative action programs in other countries demonstrate that the efficacy and success of such programs can be achieved if they are based on a national consensus and supported by all stakeholders (Hodges-Aeberhard and Raskin 1997). In this respect, the 1997 constitution provides an excellent framework for the development of affirmative action policies that could have positive outcomes.

Disadvantage occurs in all ethnic groups in Fiji. In fact, the indigenous Fijian community may be the wealthiest given their ownership of much of Fiji's abundant natural resources. However, this is not to say that there are no poor Fijians, and there are also poor Indo-Fijians. Affirmative action policies should not be race specific, but rather specific to individuals' living conditions.

Millions of dollars have been wasted over the years to satisfy the elite indigenous Fijians and politicians with no real benefit to the ordinary and poor indigenous Fijians, who have continued to suffer in poverty. The discrimination meted out in the process to the other communities has also put them into poverty. Affirmative action programmes in Fiji have not been based on the principles of good governance. Fiji's record reveals major scams, corruption and mismanagement, which resulted in loss of millions of dollars. The National Bank of Fiji fraud, which resulted in Fiji losing F\$200m, the Commodity Development Framework fraud with a loss of F\$67m and the Farming Assistance Scheme, are good examples (Reddy et al 2002).

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