The Australian National University

Development Studies Centre
Monograph no. 31

Tourism and underdevelopment in Fiji

Stephen G. Britton

The Development Studies Centre has been set up within the Australian National University to help foster and co-ordinate development studies within the University and with other institutions. The work of the Centre is guided by an Advisory Committee under the chairmanship of the Director of the Research School of Pacific Studies. The members of the Committee are:

Development Studies Centre
The Australian National University

Distributed by ANU Press
GPO Box 4 Canberra ACT 2601
Australia
ISBN 0 909150 93 1
ISSN 0157-5767

Stephen G. Britton is a Lecturer in Geography at the University of Auckland, New Zealand. He received his doctorate from the Australian National University in 1979. His research interests include underdevelopment theory, regional development in Third World economies and international tourism in the South Pacific.

Tourism and underdevelopment in Fiji

Development Studies Centre
Monograph no. 31

Tourism and underdevelopment in Fiji

Stephen G. Britton

Series editor E.K. Fisk

The Australian National University
Canberra Australia
and in New York, N.Y., U.S.A. 1983

National Library of Australia
Cataloguing-in-publication entry

Britton, Stephen G.
Tourism and underdevelopment in Fiji.

ISBN 0 909150 93 1

1. Tourist trade — Fiji. 2. Fiji — Economic conditions. I. Australian National University Development Studies Centre. II. Title. (Series: Monograph (Australian National University. Development Studies Centre); no. 31).

338.4'7919611

ISSN 0157–5767

Printed and manufactured in Australia by
The Australian National University

United Kingdom, Europe, Middle East, and Africa: Eurospan 3 Henrietta St, London WC2E 8LU, England
North America: PB Consulting Service, 310 West 85th Street, New York, NY 10024, USA
Southeast Asia: Information Publications Pty Ltd, 24 New Industrial Road, Singapore 1953
Japan: United Publishers Services Ltd, Tokyo

Summary

The performance of the tourist industry in Third World economies has always been problematic. As a microcosm of metropolitan commercialized life-styles tourism has a widespread reputation as a catalyst for undesirable social, cultural and ecological disruption in non-western countries. Less contentious seems to be the industry's assumed advantages as an economic strategy for poor countries suffering from capital and foreign exchange scarcities. This book aims to investigate the political economy of tourism development in a small Pacific island state. The industry is not considered to be an inherently appropriate development sector for third World countries. Rather, as a product of metropolitan capitalism, tourism is seen to have been grafted on to a once colonial economy in a way that has perpetuated deep-seated structural anomalies and inequalities.

Contents

Figures

Tables

Acknowledgments

This essay would not have been possible had it not been for assistance readily offered by a large number of people and institutions in Fiji. In the various Ministries of the Fiji Government I particularly thank Mr B. Dods and Mr R. Singh (Communications, Works and Tourism), Mr C. Wooley, Mr Khan, and Mr G.B. Singh (Customs, Excise and Immigration), Mr G. Henry (E.D.P. Computer Centre), Mr S. Siwatumbau (Finance), Mr R. Lodhia (Government Statistician), Mr J. Kamikamica and Mr S. Rohlia (NLTB), Mr J. Narian (Chief Draughtsman, Lands and Mineral Resources), Dr I. Lasaqa (Secretary to Cabinet), and Mr J. Dakavula (Urban Development, Housing and Social Welfare).

The willing help I received from the Fiji tourist industry was in large part due to the support given by representatives of various industry associations. I acknowledge with gratitude the help of Mr V. Gokal (Fiji Duty Free Dealers Association), Mr D. Lane (Fiji Hoteliers Association), Mr I. Volavola (Fiji Hotel and Catering Employees Union), and Mr R. Warner (Society of Fiji Travel Agents).

There are two other groups of people who were pivotal in allowing me to delve into the complexities and subtleties of Fiji tourism. A special thank you goes to Steve, Kereni, Lili, Tui and particularly Paddy Doyle, of the Fiji Visitors' Bureau. My greatest debt, however, is to the hundreds of proprietors and employees of tourist enterprises who suffered my questionnaires.

Financial and material support, as well as advice and encouragement I received outside of Fiji, were equally responsible for the completion of this project. I thank the Austrlaian National University for funding the original fieldwork, and the University of Auckland for funding subsequent excursions to update my data.

Finally, I acknowledge those who provided technical assistance. In Fiji my thanks go to the University of the South Pacific for office space and Jenny Baines for collaboration with field surveys. In the Department of Geography at Auckland University I thank Lynne Cunningham and Margaret Jacobson for typing the revised manuscripts, Don Branch for the cartographic work, and Brian Hurst for the photographic reduction of tables and diagrams.

The research project originally formed the basis of my doctoral dissertation which was undertaken at the Australian National University. Most of the field surveys were conducted in 1977. The completed thesis was submitted in early 1979. During these years I received warm and stimulating supervision from Professors Gerry Ward (Director, Research School of Pacific Studies, ANU) and Terry McGee (Director, Institute of Asian Research, University of British Columbia). I was also given willing assistance by Dave Evans, Bruce Knapman, Brij Lal and Mike Moynagh. To them all I owe a lasting debt of gratitude.

This book is a revised version of that thesis with the data updated wherever possible to include developments between 1978 and 1981. The views expressed here are my own. They do not necessarily reflect the views of those people who assisted me in my research.

Auckland, August 1981 — S.G. Britton

Chapter 1

Introduction: the study framework

During the period of the 1970s tourism became a very important economic sector in several Pacific island states. This trend has been promoted by tourism's reputation as a successful generator of foreign exchange, employment, and general stimulatory impact on Gross National Product. It has also been facilitated by the industry's particular set of market characteristics. These include the very rapid growth of the travel industry since about 1960 and the increasing share of third world countries in global tourism receipts (Turner 1976:253; UNCTAD 1973:5-6). Tourist destination countries have found ready access to foreign tourism capital because of this growth record. Expansion is also enhanced by the relative absence of international restirctions on tourist flows.

The purpose of this monograph is to draw attention to several important aspects of the tourist industry which affect its contribution to development. The intention is not to cover the purely economic costs and benefits of tourism. These have been covered in some detail elsewhere (Bryden 1973; IUOTO 1976; UNCTAD 1973). The focus here is on the internal organization of the industry, on the structural characteristics of a small third world economy, and the repercussions of both these sets of factors on the distribution patterns that accompany tourism. Based on the case study of Fiji, discussion is centred on the political and commercial consequences of promoting tourism in a neo-colonial 'open' island economy.

The structure of peripheral island economies[1]

For most of the Pacific island states the fundamental characteristics of their economies have been determined by the intervention of colonial powers over the last one hundred years. Briefly, the consequence of this historical process has been the creation of externally oriented,capitalistic sectors which have been selectively articulated with pre-existing local economic and political systems. The specific form that this process took in

[1]The theoretical and conceptual issues raised in this chapter are discussed in greater detail in Britton (1982).

each island state was largely influenced by the type of metropolitan capital involved, such as the Colonial Sugar Refining Company's (Australia) sugar plantations in Fiji, Lever's Pacific Plantations Ltd (U.K.) copra plantations in the Solomon Islands, Société Le Nickel's (France) mining operations in New Caledonia, and the Deutsche Handels- und Plantogen Gessellschaft der Sudsee Inseln zu Hamburg's (Germany) copra plantations in Papua New Guinea (Brookfield 1972:34-44). The impact of these different capitals was also importantly influenced by the form intervention took in relation to technology, colonial settlement and exchange with traditional economic systems. Depending on the colonial power in question, and the type of economic linkages formed, island states found the functioning of their key economic sectors, export and import trades, political allegiances, class structures and national cultures heavily moulded by external forces. Furthermore, because of the importance of foreign capital within island states, the introduction of new economic sectors such as tourism have usually occurred through initiatives shown by foreign capital, or through local political and commercial elites in close liaison with foreign capital.

This complex of political and economic relationships between the metropolitan core and the island periphery has been conceptualized as one of 'structural dependency' (Roxborough 1979). Because of the inability of local decision makers to determine key processes vital to national wellbeing, and because of the structural conditioning of their economies by metropolitan capital, an important outcome of this dependency is development programs which have facilitated further consolidation of foreign capital in these islands. In the absence of concerted government intervention, such a situation is accompanied by an underlying process of economic and social polarization. This polarization is manifest on three scales: between metropolitan and peripheral Pacific states; between dominant (foreign and local elite) capitalist sectors and subordinated or marginal local capitalist and subsistence sectors within peripheral nations; and between dominant (foreign) enterprises within any one industry or sector, and their local, subordinated counterparts (Bromley and Gerry 1979; Santos 1979). As a product, and an extension, of metropolitan capital, the international tourist industry acts to extend this development form in those island tourist destinations where it operates.

The structure of international tourism

The distribution of benefits from tourism is determined by the organization and structure of the industry. This structure, reflecting the capitalistic and often monopolistic nature of the enterprises of which it is comprised, directly shapes the industry's internal and external linkages, and determines the role that tourist market and tourist destination countries play within the international system. These in turn decide the regional, sectoral and class distribution of benefits derived from tourism.

Because of the nature of the tourist industry, especially its commercial dynamics and product requirements, foreign tourism capital will tend to become dominant in any one peripheral destination. The tourism corporations of Australia, Japan, United Kingdom, New Zealand and North America have direct contact with, and hence control over the tourist markets within these countries (IUOTO 1976:41-6). In addition, these companies, when operating subsidiaries in the Pacific, have the advantages of access to finance, marketing agencies and transport corporations with the metropoles, and, by virtue of their capital resources and managerial expertise, have the capacity to provide the leisure environment expected by tourists (IUOTO 1976:36-64, 60-1, 77-8). Furthermore, the 'obvious' market competence of these companies renders them 'natural' recipients of government co-operation and subsidization in the destination country (Hiller 1977). This situation is facilitated by the corresponding inability of small island states to meet the capital requirements, quality of material products, and entrepreneurial expertise that are necessary for the creation of an internationally competitive domestic tourist industry. Therefore if Pacific island countries participate in the international tourist trade they are, in many ways, obliged to accept a series of commercial features that typically accompany foreign tourism.

The fact that metropolitan entreprises have direct contact with tourist markets is the fundamental cause of their dominance. Tourists may not know precisely the type of holiday they desire, nor the places they wish to visit. This puts the industry intermediaries, such as travel agencies and tour wholesalers which intervene between the tourist client and destination countries, in a pivotal position (Burkhart and Medlik 1974:213-14). Equally important is the fact that the greatest proportion of tourists travelling within and across the Pacific do so by services offered by metropolitan airline and cruise-ship companies (IUOTO 1976:43-5). This gives these tourism corporations a substantial degree of influence over the volume and direction of tourist flows. Airlines are particularly notable in this context with their capacity to differentially allocate seating on scheduled flights, to offer cost concessions to tour companies operating in any one destination, and to promote or demote a destination by the selective scheduling of flight frequencies, stop-overs, and market advertising. The links between peripheral tourist destinations and their metropolitan tourist markets with respect to the creation and maintenance of tourist flows can be one of serious vulnerability for the destination country.

But not all Pacific island countries are successfully incorporated into the international tourist trade, irrespective of whether their governments seek this incorporation. The processes determining this selectivity are largely inherent in the industry itself. A destination must be accessible, it must be politically and socially 'stable', it must have a marketable 'product' and there should exist, or be created, a demand for that destination. Several locational patterns derive from these requirements.

Airlines, travel and tour companies have considered metropolitan countries to be the most important markets, and those Pacific islands which straddled the principal flight sectors have been most likely to be perceived as new and viable stop-over points. However, many of these principal routes were determined by the past (and present) political and economic ties between metropoles and their ex-colonies. Most island states which have become important tourist destinations were those already having extensive commercial ties with metropolitan economies, and, most importantly, they had established infrastructure and communications networks such as airports or harbours suitable for cruise-ships. These states thus become integrated into the Pacific tourist trade through the activities of trans-Pacific airline and shipping companies and colonial governments seeking to generate returns from their investment in transport infrastructure. With these transport linkages foreign tour and hotel companies were encouraged to establish themselves in these countries. From this initial investment, substantial sums were then put into promoting campaigns to advertise the new destinations.

The coalescing of these factors has produced quite distinct tourist flow patterns within the Pacific Basin. The greatest flows are between the metropoles themselves — Australia and New Zealand, Australasia and North America, North America and Southeast Asia[2]/Japan and Australasia and Southeast Asia/Japan. Within the Pacific, Australasian and North American tourists can visit the ex-British colony of Fiji, the ex-New Zealand protectorate of Western Samoa and Territory of the Cook Islands, the French colonies or ex-colonies of Tahiti, New Caledonia and Vanuatu, the American State of Hawaii, or that country's strategic bases at Guam and American Samoa.

Another factor directing tourist flows is advertising (Medlik and Middleton 1973; Middleton 1979; Schmoll 1977). The desirability of a destination is largely determined by the unique attractions available for tourist consumption. One of the characteristics of tourism in the South Pacific, however, is that there is a multitude of destinations selling an essentially

---

[2]Southeast Asian countries are not classed as metropolitan countries. It should be remembered, however, that many are dynamic economies and/or sites of substantial foreign investment. In addition, tourist flows by Australasians to these countries include a large component of tourists flying on to Europe and the United Kingdom.

undifferentiated product. Countries are therefore confronted with the task of creating images of their individuality in the minds of potential tourists.

By far the most important promotion agents at the international level are metropolitan airline and tour wholesaling companies — those industry sectors having direct control over tourist flows. Within the destination country itself, promotion tends to be undertaken, in the absence of public tourism organizations, most successfully by those companies able to afford advertising costs and those companies which are most astutely managed. As a result it is likely to be the larger (foreign) companies which are most successful and persuasive in their advertising programs. And because most foreign companies have direct marketing or corporate linkages with the metropoles, they have the advantage of their product being exposed to tourists while they are still undecided about their tour details. The degree to which locally owned tourist companies are unable to match the advertising campaigns of their foreign counterparts is likely to be reflected in their lower competitiveness. The other major factor in forming linkages between tourist market and destination countries is the way in which the travel experience is organized by metropolitan tourism corporations into a packaged form. The package tour is the outcome of the industrial process applied to tourism. The concept brings together the tourist's psychological need for 'getting away from it all' and the industry's need to have a product that can be 'standardised ... made repeatable [and] susceptible to the apparatus of modern marketing' (Burkhart and Medlik 1974:187). By being amenable to such processes, the package tour provides a cheap vacation for tourists, and a product that enhances corporate profitability, volume control, and the efficient use of transport and accommodation capacities. At the same time, the package tour means maximum opportunity for tourism corporations to control and benefit from tourist expenditures. With the vertical integration that is occurring with metropolitan tourism (IUOTO 1976:48-55), and the multi-destinational commitments of foreign tourism companies, the use of package tours has three important consequences for Pacific island destinations.

Because peripheral tourist industries rely on foreign capital and material imports, a relatively high degree of foreign exchange leakage may occur. Package tours aggravate this situation since the costs of international airfares, travel agency commissions, bank charges, insurance, car rental, even meals, accommodation and some duty-free shopping are paid for by tourists before leaving the metropole. If, as often happens, the tourist purchases a tour oriented around foreign-owned airlines, tour companies and hotels, the host country will have little opportunity to retain income from tourist expenditures. It has been found (ESCAP 1978:40) that where tour packages

leakage

consist of a foreign air carrier, but with local hotel and other group services, destination countries receive on average 40-45 per cent of the inclusive tour retail price paid by the tourists in their home country. If both the airline and hotels are owned by foreign companies, a mere 22-25 per cent of the retail tour price will be forwarded to the destination country.

This confinement of tourists (and their expenditures) to an organized, formal travel experience tends to be paralleled by the industry manifesting itself as an enclave within a peripheral destination. Since many tourists are able to enjoy their vacation only from a base of familiarity, they are unlikely to venture outside the formal tourist industry environment provided by packaged tours. In short, the tourist is 'not so much abandoning his accustomed enviroment for a new one as he is being transposed to foreign soil in an "environmental bubble" of his native culture' (Cohen 1972:166).

This appearance of an industry enclave is greatly accentuated if it is associated with the spatial isolation of tourism plant, as is evident in Tahiti (Robineau 1975:67-74). Whether a result of conscious government policy or not, the separation of the industry from the mainstream of the host society can easily strengthen misconceptions between tourists and indigenes and enforce any suspicions held by locals that tourism makes little contribution to national development.

The reduction of the travel experience to relatively standardized products can put any one tourist destination into a marginal market position. A country's tourist product may easily be substituted by both tourists and metropolitan based tourism corporations for an alternative destination. With foreign companies largely responsible for advertising, the provision of international transport, the wholesaling of globally spread tours and the provision of international hotel chains, a destination will not have sufficient counter-balancing control over traveller flows to its own tourist plant. The generalization can be made that the structure of the tourist industry ensures that third world destinations have a largely passive and dependent role in the international system. They are the recipients of tourists. They provide the novelty and superficial rationale for an overseas holiday. As stated, metropolitan enterprises directly serve, and partially create tourist demand and the means by which tourists experience a destination. While this dichotomy refers to two poles on a continuum, there are varying degrees of foreign and local participation in any one country and industry sector. This does not negate, however, the contention that the central problem for periphery destinations is the inequitable relationships inherent in this international system. Immobile tourism plant in the periphery relies on foreign corporations to supply tourists. The flow of tourists is achieved by gaining the co-operation of foreign interests or by national bargaining power over factors affecting the profitability of these foreign interests. Metropolitan tourism corporations can, in the last instance, direct tourists to alternative destinations.

It follows from the above that a Pacific island country is not in itself an automatic tourist destination. It only becomes so by advertising, tourist plant investment and transport linkage provision largely undertaken by metropolitan tourism capital. Several general points emerge from this discussion of the international tourist trade.

1. It must be recognized that metropolitan based enterprises are the key factor influencing the way a peripheral tourist destination will be articulated within the international system. Marketing strategies, tourist expectations and the type of tourist produce offered will be significantly shaped by metropolitan airline, tour and hotel companies.

2. Because of the characteristic lack of local capital and expertise, tourist plant in peripheral countries will most likely be constructed and supplied by overseas companies or their equivalents already present in the local economy.

3. The tourist industry in a peripheral economy will be controlled and owned primarily by foreign interests and members of national elites. The overall direction of capital accumulation in the system will be from the simple commodity sectors, up to the primary tourism sectors in the periphery, and ultimately to metropolitan tourism and airline corporations. This is because the lower orders of the tourism hierarchy will be integrated in such a way as to render them commercially subordinate to the sectors above them.

4. Most peripheral destinations were previously integrated into the international economy to provide supplies of raw materials to metropolitan countries. The encouragement of tourism by governments in the periphery will probably be in response to contradictions caused by the selective development of their export oriented economies. Tourism, as a foreign exchange generator, may help alleviate the restricted income generating capacities and narrow export bases of these economies while, at the same time, continuing to serve dominant economic interests.

5. The expansion into the third world by metropolitan capitalism was closely associated with the development of transportation networks. The selective spatial penetration of metropolitan capital of the periphery, therefore, would lead to a similarly selective distribution of transportation linkages. Since technological revolutions in transport have been the basis of mass tourism, those peripheral economies with appropriate colonial infrastructure networks, or those located on new transport routes established by metropolitan enterprises, are most likely to be incorporated into the international tourism trade.

6. Finally, the structure of the tourist industry at the international and destinations levels is tending towards monopolistic organization. Control of the central industry is being concentrated into the hands of metropolitan tourism capital in general and large tourism corporations in each industry sector in particular (IUOTO 1976:102-3). In the metropoles this concentration is evident for airline, cruise-ship, travel and tour corporations. In the periphery, it is most evident for hotel, tour, transport, and tourist goods franchising companies.

In the following chapters these six statements have been taken as working hypotheses for an investigation of the political economy of tourism in Fiji. The study begins with a detailed account of Fiji's modern economic history. This provides an understanding of the origins and role of tourism in a country beset by several difficult problems which arose from the colonial era. There follows a discussion of those external forces which today are the most important determinants of tourist flows to Fiji. The focus then moves to the organizational characteristics and performance of accommodation, travel and tour companies — the primary tourism sectors — then to shopping, handicraft and entertainment enterprises — the secondary tourism sectors. This is followed by an evaluation of tourism's contribution to Fiji's national economy. The book ends by drawing together the main conclusions from the study and there is a short postscript on events which have occurred since 1978 when the main body of the fieldwork was conducted.

Chapter 2

The colonial legacy and the integration of tourism into the Fiji economy

Tourism became a major economic activity in Fiji during the 1960s. Fostered by the Colonial Administration and encouraged by most sections of the local business community, tourism in 1969 generated $20.6 million in gross foreign exchange, or 31.0 per cent of the country's total export earnings. The industry had also created 2000 jobs in the accommodation sector and 2000 in other tourist services. Of the estimated $19.3 million of national gross fixed capital formation in the same year, nearly 34 per cent or $6.5 million was in the distribution (duty-free and restaurants) and hotel sectors. The inflow of overseas tourism capital was equally evident with foreign companies accounting for an estimated 62 per cent of gross turnover in the distribution and hotel sectors (Bureau of Statistics 1971:27, 35; 1973b: Table 28; Central Planning Office 1970:182).

At Independence in 1970, tourism promised much for Fiji's future development. The industry brought new reserves of scarce foreign exchange, and diversified the country's export base. A stimulus was given to domestic commerce and the inflow of foreign capital implied overseas business confidence in the economy. To the Administration of the time, anxious to divest itself of its colonial liability, tourism provided much welcomed, though far from adequate, relief. Encouragement of tourism development was contingent to a substantial degree on the condition of the country's economy at that time. As a colony Fiji inherited an unstable social and political structure characterized by economic and racial inequalities and class tensions. The support given to tourism by colonial and post-Independence governments, therefore, must be seen in the context of intractable problems inherent in, and inherited from, Fiji's colonial economy. This chapter details the historical background of the national economy and the origins of tourism up to 1970.

The development of the colonial economy[1]

Initial European penetration, 1800-70. The decades preceding 1870 saw the gradual and sustained penetration fo the South Pacific by metropolitan merchant capital. In Fiji this process involved the extraction of sandalwood (1804-14) and bêche-de-mer (1817-50) by Anglo-Australasian and American firms and the incorporation of Fiji into the triangular trade routes between America, Oceania and China (Munro 1973; Shineberg 1967:1-15; J.M. Ward 1948:31-40; R.G. Ward 1965:17-39). Unlike subsequent metropolitan involvement, this merchant capital funtioned without intervening directly in the production relations of the Fijian pre-capitalist economy although some western trade goods and firearms were introduced (Shineberg 1967). This coincided with out-going tribal warfare and a trend towards larger indigenous political units based on geographical rather than purely kinship ties (Legge 1958:11; Scarr 1970a:101-2); Stanner 1953:173). These changes were to become important to the expansion of white settlement in Fiji since the formation of more complex lineage hierarchies provided the means of organizing labour on a relatively large scale. This enabled the easier extraction and exploitation of resources on behalf of traders in conjunction with dominant Fijian chiefs.

The introduction of small-scale plantation capital after 1850 was concurrent with the depletion of sandalwood and beche-de-mer. Settlers were attracted to Fiji as a consequence of technological and political developments in the metropolitan economies. These included the acquisition by Britain of Pacific Ocean coaling stations for steampowered vessels, and an increase in commercial activity by Germany, France and the United States in South Pacific territories which triggered greater British interest in the region (Legge 1958:26, 32; McIntyre 1960; J.M. Ward 1948:157-63, 188-9, 195). Innovations in Britain led to increased demand for coconut oil and the concomitant development of copra plantations (J.M. Ward 1948:159). Simultaneously the outbreak of the American Civil War and the withdrawal of that country's cotton exports provided a market for alternative suppliers. The discovery of high quality cotton in Fiji, along with successful experiments with exotic varieties, was the precursor to the first extensive settlement of white colonists from Australasia, Europe and the United States (Young 1970:150). At the end of the 1860s cotton growing settlers were complemented

---

[1]Throughout this monograph the term *Fiji* is used to denote the country; *Fijian* to denote the resident Melanesian population; *Indian* to denote both migrants from India and those of Indian descent born in Fiji; and *indigenes* or *indigenous* to refer to *non-white* Fiji nationals. The term *European* refers to white Fiji citizens.

by large German and Anglo-Australian companies involved in copra production from plantations on Taveuni and the Lau Islands. By 1870 the small-scale operations of the planter community were being supplemented by Sydney companies, located in Levuka, which monopolized export marketing, wholesaling, retailing and finance. Levuka was by then the commercial centre of the developing colony (Couper 1967:52-4; Legge 1958:45-6). Representing industrial interests of the metropoles these enterprises, by supplying credit to the under-capitalized planter community and controlling marketing, secured both the economic viability of the white petty commodity producers and the establishment of Fiji as an industrial raw material producer.

The combination of settler expansion, the political restructuring of the Fijian subsistence formation, and the consolidation of merchant and financial interests in Fiji had by 1873 created severe political and social instability. Companies and settlers anticipated the incorporation of the pre-capitalist economy by the acquisition of cheap land and labour in ever-increasing quantities. This resulted in a series of conflicts over the alienation of Fijian land (France 1969:43-54, 92-101; Legge 1958:50-5; Scarr 1970a:119; R.G. Ward 1969:10-11; Young 1970:165-9), and the demand by settlers for the proletarianization of Fijian labour. This latter conflict arose, in part, from Fijians' dislike of plantation work regimes, their preference for working tribal lands, and the reluctance of Fijian chiefs to dilute their economic authority over commoners (Legge 1958:56; Young 1970:169). Plantation owners eventually overcame this restraint by employing imported labour from other Pacific Islands (Parnaby 1972; Scarr 1970b; Young 1970:169-71). In addition certain Fijian lineage groups, in formal alliance with Levuka merchant interests (Young 1970:174-5), used inter-tribal warfare to obtain prisoners for planters. The Cakobau Government comprised of these same groups also briefly imposed a cash poll tax designed to force Fijians to seek wage employment (France 1969: 92-101).

Further instability was caused between 1865 and 1875 by turmoil between the diverse Fijian political groups. The point was reached where the extension of political suzerainty by dominant tribal groupings was nearing an upper limit and was accompanied by the conquest of weaker and dissenting groups. The alliance that had evolved between merchant capital, the settler community and Fijian chiefs was unable to function in a stable environment that could guarantee undisputed transfers, particularly of land (France 1969:46-54). The inability of larger political units to achieve undisputed domination made it necessary for settlers and companies to deal with whichever local tribal hierarchy was accessible. This hindered the creation of a central national authority.

Attempts at forming a workable political alliance between plantation capital and the Fijian chiefs only succeeded in bringing to the surface conflict between planters and Levuka's merchant houses. Dissention centred around an inept administrative performance by the mercantile-backed Cakobau Government, its inability to draft native labour policies in accordance with planters' demands, and the merchants' greater concern with establishing a legal constitution over the activity of the European community which was essential for conducting exchanges (Legge 1958:47-8).

These various political tensions eventually forced Britain to accept formal sovereignty over the colony in 1874. The act of Cession, however, allowed Britain to defuse mounting pressure from parochial Australian and New Zealand merchants demanding against French, German and United States commercial expansion in the South Pacific and also from humanitarian lobby groups in London concerned about the Pacific labour trade and European penetration of Fijian society (France 1969:92-101; Legge 1958, 60-99; W.D. McIntyre 1960:374; J.M. Ward 1948:197-9, 238-60).

Colonial policy: 1874-80. The first governor of the colony, Sir Arthur Gordon, sought to combine the perpetuation of Fijian society with the promotion and protection of European commerce through the institution of indirect rule. He was also required to create an economic base that would make the colony self-supporting (Legge 1958:165-7). The co-existence of the incompatible Fijian and European formations, however, necessitated overcoming a contradiction that would have rendered indirect rule unworkable. The independence of Fijian society, that is the non-enforcement of planter demands for the 'liberation' of Fijian labour, implied a dampening of European commercial expansion. Yet a policy of protecting Fijian society was liable to prove beyond the state's financial resources. Preserving the subsistence sector,[2] and promoting the European sector without dissolving the former, was an insupportable policy unless capital had access to alternative land and labour since these resources were controlled by the Fijian chieftancy. The decades following Cession saw the progressive introduction of a compromise administrative policy to achieve these conflicting aims.

Legislation gave Fijians control over most of the colony's land resources (82.5 per cent) while recognizing the legal transfer of sufficient land for European requirements. A 'native authority system' was codified into law to ensure the preservation of political stability within Fijian society by recognizing privileges of chiefs. A taxation system was introduced to raise additional finance from Fijians for administration

---

[2]In the historical context of the 1870s, of course, this implied a controlled integration of Fijian society with western culture over the long term.

of the colony. This tax, largely in the form of export commodities (especially copra), allowed Fijians to meet the tax burden from within their subsistence economy and not from the sale of their labour. The scheme had the additional aim of promoting the interest of commoners who were seen as being subject to oppressive chiefly authority by fostering western commercial values within the indigenous economy. Most important of all, an indentured labour scheme was initiated along the lines of that used in the West Indian plantation economies. Labourers were shipped from India as substitutes for Pacific Island labour and unavailable Fijian labour (Cumpston 1956; France 1969:192-275; Gillion 1962:1-18; Legge 1958:170-201, 231-46; Moynagh 1980:19-21).

This comprehensive policy led to the partial separation of indigenous society from the rapidly expanding European economy. While integrated to the latter through exchange relations as suppliers of foodstuffs and export commodities, Fijians were confined to a secure economic and cultural base from which they could progressively obtain European material goods. The policy reinforced the lawful authority of chiefs and established that their self-interest was served by their participation in the colonial state.

For Europeans, planter interests were enhanced with the availability of a cheap and controllable Indian labour force. Over the ensuing decades, however, the creation of a numerically dominant Indian petty commodity trader and producer group (that is, migrants and labour freed from indenture contracts) came to represent a highly competitive and contentious threat to both Fijian and European interests (Gillion 1977).

Gordon's imperative of financial solvency for the colony was undermined during the late 1870s. The economic depression following the collapse of cotton prices caused widespread dislocation of the planter community (Young 1970:162-5). The state was forced to seek more viable large-scale investment capital to provide the secure economic base sought by Gordon and his successors. The cost was to be the subordination of small plantation capital and, to a lesser degree, the Colonial Administration itself.

The sugar economy and the Indian sector: 1880-1970. With the collapse of cotton in the early 1870s, sugar became Fiji's leading plantation export crop through the existence of a native high quality sugar cane variety and buoyant consumer and industrial markets in Australasia. At the end of the century market conditions and poor management had resulted in the demise of all but three cane crushing companies, leaving the Australian based Colonial Sugar Refining Co. (CSR) in a commanding position over European cane planters, sugar processing and marketing. In 1905 CSR owned mills in the towns of Nausori, Labasa and Lautoka. Two other companies operated mills at Rakiraki and Navua. CSR's decision to invest in Fiji was in response to threats to its intended monopoly of Australasian sugar markets. The company's aims were to prevent competitors from establishing in Fiji and Queensland (where sugar cane costs could be kept to a minimum by utilizing cheap black labour) and, by influencing the supply and price of raw sugar, to strengthen its refining interests in Australia (Moynagh 1980:28-30). As CSR was the sole miller in areas where it operated, the purchase of cane from planters (using leased company land or from independent contractors operating their own plantations) gave the company unassailable power over the production and pricing of cane. This was achieved by control over land rentals, planters credit facilities, cultivation inputs, and the price offered to producers. These practices enabled the company to realize its objectives of 'getting cheaper supplies than if it had grown the cane itself' and the simultaneous subordination of planters (Moynagh 1980:52-7).

CSR's operations made a substantial contribution towards the prosperity of the European agricultural community and to state revenue. These benefits were made possible by the physical exploitation of indentured Indian labourers, indirect taxation on Indian production and consumption items and the creation of an Indian wage-seeking proletariat whose renumeration was subsidized by the subsistence activities of labourers' families (Gillion 1962; Moynagh 1980:60). The latter was accomplished by discouraging Indians who had finished indenture contracts from returning to India, and resettling them on small land parcels, usually of poorer quality. The size of holdings allocated to Indians (by the government and subsequently by planters and milling companies) were adequate for only marginal subsistence and cash crop production, thus forcing tenants to seek wage incomes. This created a labour pool for milling operations, plantation work and unskilled urban occupations. The creation of this Indian 'peasantry', in addition to supplying cheap foodstuffs to the European community, resulted in the extension of cane cultivation to low cost Indian producers (Moynagh 1980:76ff).

By the period of World War I, pressure from the Indian Government on the issue of indentured labour forced the effective cancellation of the scheme in 1916 after the importation of more than 60,000 persons (Gillion 1977:7-11). The restrictions suddenly placed on labour supplies forced sugar millers and planters to experiment more extensively with Indian agricultural settlement schemes. The rush of events, however, forced far greater changes on the sugar economy. The onset of war and the consequent boom in sugar prices encouraged agitation for increased wages by Indian labourers. The transfer of Indians on to the land was seen as a means of by-passing these demands. As it was, the refusal of sugar companies to meet these wage demands, the subsequent strikes by Indian labour in 1920 and 1921, the simultaneous collapse of the world sugar market in 1921, and the rapid increase in the number of Indians leaving Fiji precipitated the collapse of the European sugar planter community. By 1923 the industry had virtually collapsed (McGregor 1978:310-11; Moynagh 1980).

The salvation of sugar cane with negotiated arrangements giving Fiji sugar preferential access to the British domestic market in return for a reciprocal granting of preference for British imports. This created a sugar price structure, primarily in the interests of the British consumer, that kept the plantation system viable only if Indian growers were used. European planters would not accept the low prices for cane that CSR could offer (Gillion 1977:158). The enforced reorganization of the sugar industry created a unique productive structure. CSR was by then the colony's sole miller with operations at Labasa, Nausori (closed in 1949), Ba, Rakiraki, and Lautoka. Sugar cultivation was transferred almost entirely to Indian (and some Fijian) producers, either on leased company land or under contract to CSR on leased Fijian and crown land. The advantage to CSR of this system was the rendering of labour and labour supervision costs indivisible in the form of the head of peasant family households. In 1945 there were 10,000 Indian smallholders producing on nearly 97 per cent of Fiji's cultivated cane acreage. CSR, as before, controlled production by an advisory network, pricing policies and the manipulation of tenancy agreements and credit (Moynagh 1980:124-30).

Nevertheless the decades from 1940 to 1960 were ones of mounting unrest largely caused by resentment of CSR's absolute control over the industry. Conflict centred on the subordination of Indian growers' commercial and subsistence needs to CSR priorities which had induced a decline in producers' real incomes. This culminated in the growers' strike of 1943 and again in 1960. Conflict also arose from the political status of Indians within the colony. This was symbolized by the general insecurity of Fijian land leases held by Indian farmers (Gillion 1977:188-92). In reality, the threat of non-renewal of leases was uncommon but successive failures by Indians and the state to reach an acceptable compromise between Fijian control and use of their land (in the face of what was interpreted as Indian economic domination) and providing secure land titles for the expanding Indian population (which had by then numerically surpassed the Fijian population), had distinct psychological and political repercussions for both racial groups. There was also resentment among Europeans against Indian urban business activity, the 1943 wartime strike by cane growers and Indian refusal to support allied war efforts (Gillion 1977:187; Norton 1977:32).

The Indian rural community focused their mounting frustrations on CSR and this culminated in the opposition to CSR's proposals for renewal of cane pricing contracts in 1961 and 1969. The years prior to 1969 were ones of growing Indian rural unemployment, further declining real incomes, and an expansion of the

Indian population (Moynagh 1980:223-4). This was at a time when the government wanted to maintain political stability since the colony was due to be granted independence in 1970. Official attitudes to the Indian cane producers were therefore predisposed towards policies that would ensure the continuation of law and order. This meant, in effect, seeking some conciliation with Indian demands.

But government efforts to appease Indian growers by tackling the questions of land tenure and chronic indebtedness failed. The issue of land tenancy was symptomatic of the Administration's untenable position. Any solution to the problem had to be acceptable to Fijians. Political stability, and hence economic stability, was possible only by maintaining the support of the Fijian chiefs. The failure to reorganize land policy ensured that, by the Administration's deference to Fijian interests, CSR would come under pressure by cane growers, the colonial government and the imminent independent government to acquiesce to Indian demands for increased cane incomes so as not to jeopardize social stability. CSR was then faced with an increase in cane and labour costs and the self-absorption of these costs since the company was unable to increase the market price of sugar under the International Sugar Agreement of 1968 (Moynagh 1980:231ff.). The company responded by withdrawing from Fiji in 1973 and sugar milling was taken over by the government owned Fiji Sugar Corporation.

The mercantile and industrial economy: 1870-1970. Between 1850 and 1920 Anglo-Australasian companies consolidated their hold over tertiary sector activities and the production and marketing of copra (Brookfield 1977:16; Couper 1967:68). Government tax policies reinforced the growing primacy of Suva's merchants.[3] Through the encouragement given by government shipping subsidies for the collection of copra, these enterprises established a series of oligopolies that controlled local shipping, processing plants, export marketing and pricing policies. The 1890s saw Australian and New Zealand capital gain the ascendency in overseas shipping, merchandizing, insurance and banking. Suva became a town whose functions were those of a classical 'periphery satellite metropole' (Frank 1967) from which the exploitation of Fiji resources by local merchant capital and metroplitan interests proceeded (Couper 1967:73-4).

During the 1930s the dominance of individual enterprises became more apparent, with the Australian Burns Philp (South Seas) Co. Ltd and Morris Hedstrom Ltd (later a subsidiary of W.R. Carpenters) consolidating their already considerable secondary and tertiary activities. In 1960 these two companies were

---

[3]Suva became the capital of Fiji and permanent site of government in 1882.

responsible for 16 per cent of the total value of Fiji exports.[4] Similarly 74 per cent of all mineral exports (10 per cent of total export value) came from the activities of the Australian Emperor Gold Mining Company. Australian firms (again Morris Hedstrom and Burns Philp) dominated national consumer imports and internal wholesaling (Burns *et al.* 1960:93). The small industrial sector that became established during this time contributed only 16 per cent of GNP. It was overwhelmingly geared to the processing of major primary commodities. Of the £4.4 million of value added in manufacturing during 1963, 88 per cent was generated from sugar processing (77 per cent), coconut products (4.5 per cent), tobacco, beer and cement (6.6 per cent) with each activity in the hands of foreign companies (CSR, W.R. Carpenters, Cope-Allman Co., British Tobacco Co., United Breweries of Australia and others) (Salter 1970:11-12). At the end of the 1960s most urban based economic activity was the preserve of Australian, New Zealand and British companies (M. Ward 1970:183-8). The Fiji economy had become controlled by a series of sectoral monopolies which were spatially centred on a series of urban enclaves overshadowed by Suva (Britton 1980a).

The integration of marginalization of the Fijian Sector. By 1970 the colonial productive structure had created a racial hierarchy. At the top were a European administrative and commercial elite in association with Fijian chiefs, foreign capital and remnants of the white planter community. Below them were a part-European, Indian and Chinese merchant and manufacturing class who were themselves above the Indian and Fijian petty producers and other rural dwellers. Apart from the chiefs, Fijians remained outside the minstream of the economy. The principal inducements for Fijians to remain within the subsistence sector had included the relative ease of obtaining basic needs from subsistence and limited cash crop production, the psychological and social support afforded by the traditional cultural milieu, the imposition of labour demands by chiefs, and incomes obtained from rental of Fijian land to European, foreign and Indian groups. This latter factor became more important after 1910 when Fijians were permitted to pay taxes in cash or in kind, although involvement in the monetized economy was still largely at the discretionary level at the turn of the century (Knapman 1976; Stanner 1953: 190-2).

The general dependence of Fijians on cash in the 1920s and 1930s, and their narrow range of income earning opportunities,[5]

---

[4]One hundred per cent of sugar exports (50 per cent of total Fiji export values) were controlled by CSR (Burns *et al.* 1960: 93).

[5]That is, the sale of export commodities, foodstuffs for the domestic market and limited wage employment.

led to their vulnerability to external market forces. This was exacerbated by the collapse of a pre-contact inter-island trading system which caused increasing reliance on European foods and the cash economy generally (Bedford 1976:49). The progressive marginalization of the Fijian sector from the national economy increased in the decades up to Independence. An analysis of agricultural production in the late 1950s showed that '557 European planters produce an export value of about £2,159 each, 22,550 Indians about £337, and 27,481 Fijians £72.10s.0d' (Spate 1959:3). Low productivity was the principal characteristic of Fijian economic activity. It was exacerbated by poor quality of produce, severe disruptions to continuity of supply and a lack of appreciation of marketing procedures.

By World War II considerable pressure had been applied to the Colonial Administration to increase the economic well-being of Fijians and to reverse a decline in chiefly authority.[6] This pressure was also caused by Europeans and Fijians seeking a counter to increasingly vociferous demands by Indians for improved political and economic status. The outcome, largely through the efforts of the prominent Fijian chief Sir Lala Sukuna, was the creation of the Fijian Administration in 1944, a body which essentially became 'a state within a state'. This structure, presided over by the Great Council of Chiefs, was designed progressively to integrate the Fijian subsistence sector into the capitalist economy, and at the same time, preserve chiefly privileges, and, ostensibly, the traditional 'Fijian way of life' (upon which these privileges rested).

The consequence has been a series of profound divisions penetrating deep into Fijian society. The four most contentious of these relate to land and chiefly authority. The Fijian Administration ratified a system of land tenure defined and codified by the colonial government. This was based on the *mataqali* land holding unit, which had 'no rational relation at all between the numbers of cultivators in any one unit and the amount of land available to them' (Spate 1959:11). Although this arrangement partially satisfied the requirements of subsistence agriculture, in a monetized context it creates much tension, with some individuals being unable to acquire sufficient secure title to land, or holdings of an economic size. Where extremes exist, that is land holding units characterized by excessive under-utilization of large areas of land, or over-utilization of insufficient land, a purely arbitrary constraint is imposed on efficient mobilization of Fijian natural and human resources.

---

[6]Governors Jackson and im Thurn between 1900 and 1910 attempted temporary reductions in the legal obstacles preventing alienation of Fijian land. Legislation was also implemented that allowed the payment of native land taxes in cash rather than in kind (see West 1967:98-9).

This becomes critical once *mataqali* are unable to remain self-sufficient in subsistence food crop production or to generate sufficient cash crop income.

In addition there are three areas of conflict concerning land leases and rentals. First, the arbitrary extent of land holdings fixes a *mataqali*'s potential income from land rentals depending on location with respect to the country's major productive zones — particularly the cane growing areas where there is a high demand from Indians for greater access to land. There is thus a great disparity in income generating potential between *mataqali*. Second, within the Fijian social hierarchy, land rentals are distributed as follows: 5 per cent to the individual head of the *vanua* (an association or confederation of *yavusa*); 10 per cent to the head of the *yavusa* (the widest kinship group, claiming descent from a common ancestor); 15 per cent to the head of the *mataqali* (the most commonly recognized land owning unit); and, finally, 45 per cent to the commoners of the respective *mataqali*.[7] Such a distribution of rental income in favour of the chiefs, when abused by conspicuous consumption or the failure to carry out expected communal duties, can result in serious dissatisfaction on the part of commoners and an aggravation of class antagonism. Third, the transferral by the Fijian Administration of Fijian land into Reserves in some areas resulted in land being rendered inaccessible to other racial groups. The inability of Fijians to utilize this land productively, particularly in sugar-cane areas, has heightened racial tension with Indians and reduced national resource utilization.

Excessive maldistribution of both communal and individual land resources and access to rent monies (that is, the contrast between 'rich' and 'poor' *mataqalis*) serves to exacerbate group and tribal jealousies latent at the village level.[8] This induces apathy towards more productive use of Fijian controlled resources (Spate 1959:17). Such tensions are made worse by the hereditary social structure. The maintenance of the chieftancy is founded upon a functional concept of loyalty which facilitates the creation of a class structure. This has critical implications for the cohesiveness of Fijian society and Fijian development efforts.

The Fijian elite was founded on the assumed superiority of its decision-making capacity. By habitually deferring to

---

[7]The remaining 25 per cent is retained by the Fijian Administration to cover costs incurred in managing the Native Lands System. It should also be noted that, of the rental receiving positions mentioned (excluding the *mataqali* commoners), a chief may hold one or more of these positions.

[8]Villages usually comprise several *mataqali* units.

their chiefs, Fijian commoners have shown a marked reluctance to initiate decisions and activities. Furthermore, the material wealth and status of hereditary chiefs is reinforced by the system of *lala*, a procedure whereby commoners are obliged to fulfil various personal services required by chiefs — traditionally in exchange for the performance of various communal duties by chiefs. Class antagonisms can arise in situations where, from the commoners' point of view, chiefly 'demands are immediate and reciprocity restricted' (Spate 1959:5-6, 9, 24).

By accepting a colonial concept of Fijian society the Fijian Administration also incorporated an order of authority which in certain respects was alien to Fijian tradition. The preservation of this authority was therefore dependent on the support of the state (West 1967:107). Chiefs have not been able to take for granted that their privileges are automatically accepted by commoners. Thus the maintenance of class privileges by the Fijian Administration is incompatible with the more democratic aspirations of Fijians and national development objectives (Belshaw 1964; Macnaught 1974; O"Loughlin 1956:66). The predicament of Fijian Society is to resolve this incompatibility while at the same time preventing Fijians from being further subordinated by the dominant capitalist formation controlled by foreign, European and Indian capital.

Development imperatives of the neo-colonial economy and the role of tourism

At Independence Fiji was characterized by economic, social and political structures which preserved the interests of foreign capital, the European community and the Fijian chieftancy. At the economic level was a series of export oriented enclaves (copra, mining, sugar, raw material processing), dominated by monopoly capital, that provided the backbone of the economy. At the social level a division of labour along class and racial lines existed. Under the supervision of Europeans and chiefs, Fijians provided export commodities, largely from the village based economy. The Indian proletariat and 'peasant' farmers, under expatriate and European supervision, provided labour for the cultivation and processing of sugar. Fijians provided the labour for foreign mining companies. The fundamental difference in status of the main racial groups was revealed in the country's political institutions.

Contrasting with a politically disadvantaged, yet economically essential Indian sector, was the politically powerful yet economically marginalized Fijian sector. The Fijian chieftancy, partially alienated from its power base, was aligned with European and expatriate interests to preserve class privileges through the promotion of Fijian interests as a whole. Europeans and expatriates fostered this alliance as a means of preserving political power and countering the threat posed by Indian economic aspirations. At the core of this alliance was a dependence by Fijians and Europeans on foreign capital which could only be maintained by the continuation of social stability and a sympathetic political environment. It was in this context that the development of tourism occurred. Its establishment was coincident with the recognition of several severe economic and political problems that were inherent in the colonial economic structure, and a realization by the ruling groups of the continued necessity of foreign capital to help alleviate these problems.

Development constraints of sugar monoculture. The national gains from CSR's operations have been substantial in terms of export income generation, stimulation of the domestic economy, and the provision of infrastructure facilities. This contribution has been all the greater given that sugar did not displace previously existing plantation production (due to the collapse of the cotton market) or Fijian subsistence production (due to the importation of Indian labour). Nevertheless it can be argued that there has been a sharp contrast between CSR's corporation priorities and Fiji's long-term development needs.

CSR deliberately undermined activities which threatened its interests. Commercial agricultural projects that increased competition for labour in sugar areas were actively discouraged (Moynagh 1980:131-5). This reinforced the country's dependence on sugar as an export crop, prohibited the development of technical and management skills for alternative agricultural products, and worsened an adverse balance of payments situation by forcing the further importation of foodstuffs. The lack of agricultural diversity was also founded on the rigid specificity of CSR's capital investments. With the export sector heavily geared to requirements of sugar, there was little flexibility (or motivation) to render economic infrastructure responsive to market conditions that could have seen the promotion of complementary export crops. This was reflected during 1970-75 when Fiji on average received 70.4 per cent of its domestic export earning, 18 per cent of Gross National Product, and 18 per cent of non-subsistence sector work places from sugar (Central Planning Office 1975:257; McGregor 1978: 41-2). The economy had become very vulnerable to external market forces which impinged on sugar marketing.

Fiji's access to metropolitan sugar markets is now dependent upon the Sugar Protocol of the Lomé Convention.[9] This

---

[9]An agreement whereby African, Caribbean and Pacific (ACP) sugar exporters have marked access to the EEC markets previously guaranteed them by the now defunct Commonwealth Sugar Agreement.

arrangement is a compromise between two conflicting processes: the increasing integration of metropolitan economies, in particular the entry of the United Kingdom into the European Economic Community, and the withdrawal of colonial powers from their possessions. Lomé attempts to fulfil the obligations of metropolitan powers to ex-colonies while at the same time consolidating and protecting the interests of EEC members. As a consequence Fiji and other ACP sugar exports have to respond to a dramatic shift from a guaranteed British market[10] to a politically contrived market. Since the EEC countries are generally self-sufficient in sugar, Fiji faces a crucial marketing dilemma (McGregor 1978). While 68 per cent of Fiji's sugar goes to the EEC, the EEC does not require imported sugar. Instead there is every likelihood of the EEC striving to reduce the market quotas of ACP suppliers. On the world 'free' sugar market, where Fiji sells the bulk of its remaining export capacity, market conditions are equally restrictive. Because of oversupply in the EEC, imported ACP sugar is re-exported from Europe on to the world market, thus depressing world sugar prices.[11]

This situation exposes Fiji to pressure from metropolitan countries. Yet Fiji's economic planners are striving to increase sugar production because of the lack of alternative means of earning foreign exchange. Furthermore, any substantial expansion of cane land will increase the industry's vulnerability to the intractable problem associated with Fijian land tenure — an issue intimately tied to the question of Fijians achieving a measure of economic parity with the Indian and European communities. The alternative of raising productivity is itself a contentious issue. The prime means of achieving this, increased mechanization, would run against rural Indian interests. With 16,000 growers (producing 2 million tons of cane compared with 7500 Australian growers producing 20 million tons: Economic Intelligence Unit 1976:15), a program of extensive mechanization and labour shedding would deprive many Indians of their livelihood because of the lack of employment opportunities in other sectors of the economy.

---

[10]Britain had a policy of meeting 70 per cent of domestic sugar requirements from exports.

[11]Fiji's sugar marketing problems are also aggravated by: (a) following the unprecedented rise in sugar prices in 1974, the unparalleled expansion in European beet sugar capacity, and increased export drives by other major producers such as Australia; (b) a long-term decline in consumer sugar consumption in metropolitan countries for reasons of changing tastes, health considerations, and changing demographic structures (McGregor 1978:163-6); and (c) the commercial development of an almost perfect sucrose substitute for industrial sugar (high fructose corn syrup) could substitute for 60 per cent of current industrial sucrose uses (Medford 1977; McGregor 1978:166).

Problems in the sugar industry are therefore closely tied to racial tensions. In the sugar economy there is a circular relationship between a plural social structure and productive factor mobility that ensures resources are 'structurally un-adjusted to the demand for their use' (Beckford 1972:179). The supply of land is largely controlled by Fijians and Europeans[12] while demand for land comes from Indians. Similarly labour is supplied by the Indian and Fijian sectors while supplies of capital come from the state, Europeans and foreign interests. This situation has serious racial and political undertones in a society that is attempting to expand productive capacity generally and Fijian economic well-being in particular.

It is considered that tourism can help alleviate Fiji's excessive dependence on sugar. In particular it can be used to diversify the country's export base, increase much needed foreign exchange reserves, and reduce the country's vulnerability to the vagaries of sugar marketing. Indirectly, tourism can act partially to alleviate political and racial tensions created by problems within the sugar economy by providing alternative avenues for employment.

<u>The restricted industrial base and the employment problem</u>. The limitations of Fiji's industrial base result from the country's role as a raw material supplier to metropolitan capital. The economic expansion that occurred in the 1950s and 1960s was mainly in the public sector, the construction industry and non-productive investment. The development of manufacturing was confined to the processing of export commodities with some limited import substitution activity (Burns *et al.* 1960). CSR contributed to this situation by repatriating capital back to Australia for the construction of sugar refining plants and by-product processing (Moynagh 1980). Fiji was denied the means to diversify its industrial base and expand employment opportunities.

In the next few decades Fiji faces an employment crisis. Of an economically active population of 162,400 in 1975, less than 70,000 were engaged in wage and salary occupations. Seven per cent of the total workforce, or 17 per cent of the wage earning sector, were unemployed (Central Planning Office 1975:20-2; Bureau of Statistics 1977a:3), with the burden falling most heavily, and increasingly, on the younger age cohorts.[13] With an expected 3 per cent per annum expansion of the labour force it seems unlikely that the economy can expand rapidly enough to

---

[12]That is, Fijians control the supply of land available for leasing, while European and foreign interests control most of the available freehold land.

[13]Forty-one per cent of Fiji's population in 1976 was under the age of 15 years.

meet future employment demand (Fisk 1970:50).

This has prompted renewed interest in the rural sector, which has been almost devoid of investment initiatives (outside the sugar economy) until recent years. With insufficient numbers of industrial and tertiary sector work places forthcoming rural involution is likely to become more widespread. Between 1946 and 1966 the number of adult male Indians employed in non-cane growing employment increased by 34 per cent compared with a 133 per cent increase for those engaged in cane cultivation while cultivated land under cane increased by only 77 per cent. By 1966 it was estimated that approximately one-third of labour employed in cane cultivation was surplus, leading to the petty specialization of labour within the smallholder system (Moynagh 1980:190). The Fijian subsistence sector will also have to absorb increasing numbers of unemployed and under-employed (Fisk 1970:51-2). Furthermore, because of inadequate investment in social welfare services, the rural extended family system will have to take the brunt of any shortfalls in the urban economy even though a breakdown of village and familial relations appears to be underway (Waqa *et al.* 1976). The Fijian sector is under threat of further marginalization from the rest of the economy. Within urban areas, unemployment is expected to fall mainly upon the Indian community. Aggravated by rural-urban drift due to the structural problems of the sugar economy, increasing levels of unemployment will feed Indians' strongly held sense of being economically and politically discriminated against.

The problem of employment generation prompted Fiji's colonial government to encourage tourism. The industry was seen as a relatively labour intensive activity and one which would locate much of its plant in rural areas.

Political development constraints. At Independence the potential for political and racial instability in Fiji demanded that all possible efforts be made to increase employment and investment opportunities and to increase the level of Fijian participation in the economy. The colonial administration was unable and perhaps unwilling to reconcile competing Fijian, Indian and European political demands (MacDonald 1975:286). The advent of tourism can be seen as coinciding with the realization that several potentially disruptive events could occur.

The conscious expansion of Fijian economic activities has led to competition with rural Indians. In this context the introduction of tourism could complement efforts elsewhere that would divert surplus labour in the sugar sector to non-agricultural employment so as to create territorial space for the evolution for a Fijian entrepreneurial peasantry. The tourist industry would offer alternative employment to Indians in lieu of restrictions imposed on their access to further land resources. A similar rationale could be argued for alleviating antagonism within the Fijian community. Pressure has been exerted by commoners upon chiefs for a reorganization of the Fijian Affairs Board (previously known as the Fijian Administration) regulations to allow greater freedom for commoners to participate in the cash economy, particularly through the individualization and capitalization of Fijian agriculture. This would reduce the political control of chiefs and increase competition with the Indian community. Tourism wage employment may be a means of alleviating these pressures.

The general scarcity of economic opportunities within the economy has been a most persuasive argument for tourism development. The Indian urban community is in competition with other groups for new avenues of commercial expansion. There have been limitations placed on the deployment of small-scale Indian enterprises because of their inability to compete with larger European, Chinese and foreign companies (Fisk 1970:47). This, coupled with official policies of encouraging Fijian interests, will result in further under-utilization of Indian capital and labour. The expansion of tourism retailing activities is one means of increasing Indian participation in the economy.

Finally, Fiji has been left with a poor internal capacity for generating development finance and a heavy reliance on foreign capital. This has been caused by the influence of foreign owned export enclaves, a restricted economic base, the generally low level of domestic savings, and the fact that most domestic financial intermediaries are 'inadequate to satisfy the needs of development' (M. Ward 1971:243). Between 1970 and 1975 over 70 per cent of gross fixed capital formation was financed by overseas public and private investment (Ali 1974:9; Varley 1978:27). In 1970 foreign companies were responsible for nearly 80 per cent of gross commercial turnover (Annear 1973:42). The potential for serious political instability, and a decline in Fiji's capacity to attract foreign capital, would cause serious dislocations in the economy. In addition, the high propensity of Europeans, Chinese and Indians to consume imported foodstuffs, rapidly rising consumer expectations, increased fuel requirements, and the necessity to acquire capital goods, worsened Fiji's balance of payments deficit (M. Ward 1971: 70-2, 91). In this situation, foreign tourism capital would be given every encouragement since it would maintain Fiji's reputation as an attractive investment location and at the same time attract much needed foreign currency.

Natural development constraints. Whatever the structural problems inherited from the colonial era, development constraints are imposed by Fiji's size and location. Ninety-seven per cent of Fiji's 440,959 sq km is ocean. Of the 300 islands making up 12,014 sq km of land, 106 are inhabited, with the two largest islands making up 86 per cent of the total land area. Because of mountainous relief only 15 per cent of these two main islands can be classified as cultivable (R.G. Ward 1965:77), with the majority of other islands having very limited productive potential. The problems associated with a narrow resource base are exacerbated by outer island isolation, vulnerability to cyclonic disturbances, and inaccessible main island interiors. With a population of 588,000 the country also has a restricted domestic market to stimulate industrial expansion, though this is partly a function of unequal income distribution.

The country's distance from world markets makes it difficult to compete on a unit cost basis with other exporters who are more strategically located. Centred in the southwest corner of the Pacific Ocean, Fiji is 2100 km from Auckland, over 3100 km from Sydney, 7000 km from Tokyo, 9500 km from the United States, and over 21,000 km from Europe. Furthermore, the country's minor political and economic influence within the Pacific Basin renders it vulnerable to pressure from metropolitan interests.

Given these problems tourism would appear to have one important advantage. Once Fiji has been identified by metropolitan tourism capital as a possible tourist destination, tourist services and transport infrastructure would be provided by these metropolitan interests. That tourists conveniently bring themselves to Fiji to spend their money means the country can generate much needed development finance irrespective of its limited resources.

The origins of Fiji tourism

Fiji tourism had its origins in the trans-Pacific shipping trade in the early twentieth century. Australasian and United States shipping lines used Fiji as a principal transhipment port where passengers disembarked and changed ships for their north or south bound section of the Australian-North American route. With ships 'rarely able to keep their advertised timetables' (Scott 1970:1) hotels and other services were established in Suva to cater for passengers. This activity centred round the Grand Pacific Hotel which was constructed by the Union Steamship Company in 1914. There were numerous other boarding houses catering predominantly to a local clientele (Government of the Colony of Fiji 1925:i-ix). The first local tourist organization, known as the White Settlers League, was established in 1922 and became involved with promotion aimed at the affluent Australian, New Zealand and American tourists who comprised the bulk of clients on trans-Pacific and inter-island cruises. This group then formed the Suva Tourist Bureau in 1923 with the expressed purpose of providing information on Fiji to potential visitors 'in the hope that some would decide to return and acquire land for farming'. By 1926 the Bureau had shifted its focus to promoting Fiji overseas and to unsuccessful attempts at obtaining government interest in tourism. In that year, 3722 foreign visitors arrived in Suva (excluding transshipment passengers) bringing some £60,000 of additional income to the colony. A large proportion of visitors were businessmen, a pattern which continued until after 1945. There were very few tourist services in the form of tours and holiday resorts although rickshaw rides around Suva (using Solomon Islander labour), chauffeur driven car rides offered by major commercial companies, and inter-island trips on one of the Australasian United Steam Company trading ships were available (Scott 1970:1-3).

With a growth in visitor arrivals — 1328 landing visitors, 6426 cruise-ship visitors, and 13,923 transit passengers in 1937 — the Suva Tourist Bureau directed its energies to facilitating embarkation procedures and the distribution of visitor information brochures. As elsewhere in the Pacific during this era, there was little perception of a 'tourist industry' as such. Colonial governments benefited from port and customs tax revenue but did not encourage land-based tour operations. Governments inhibited the movement of individuals between Pacific island groups, a policy of increased importance immediately after the Pacific War when there was concern over an influx of 'beachcombers' disrupting indigenous societies.

It was not until the 1940s that the foundations were laid for the development of a modern tourist industry. Some years earlier the 540 km road network circling the main island of Viti Levu had been completed linking up a series of hotels and boarding houses serving European copra and sugar communities (Government of the Colony of Fiji 1941:42). Under European ownership in Suva were the Grand Pacific Hotel, Club Hotel and various smaller establishments. Elsewhere there was the Royal Hotel in Levuka, the Grand Eastern Hotel in Labasa, and the Northern Hotels chain at Rakiraki, Tavua, Ba, Lautoka, Nadi and Sigatoka.[14] The construction of an international airport at Nadi in 1941 was the major event that enabled Fiji to take advantage of a series of decisions taken at the cessation of Pacific hostilities. During the war, Nadi airport expanded into an important United States Air Force base. After the war Canada, New Zealand, Australia and the United Kingdom formed the South Pacific Air Transport Council (SPATC) with the aim of improving the extent and reliability of regional air communications. The upgraded Nadi airbase became the communications centre, under nominal New Zealand authority, which enabled Britain to administer its colonies in the region.

Nadi was selected by principal trans-Pacific air carriers as a refuelling stop for their propeller driven aircraft between Sydney and Honolulu because of its extensive facilities and central location. This prompted an increase in trans-Pacific air traffic centring on Nadi and, to a lesser extent, on Suva.

---

[14]Some of these original hotels were converted government guest houses.

Canadian Pacific Air made its inaugural flight via Fiji in 1949. Pan American Airways, which had been operating out of Nadi since 1941, increased its number of flights. Air New Zealand (then TEAL) introduced flying boat services via Suva, as did Qantas in 1948. Air Pacific (as Fiji Airways) started national and international flights in 1951 (*Fiji Times*, 20 June 1977). The 'old' Mocambo Hotel at Nadi and the Korolevu Beach Hotel at Korolevu were the only recognised establishments offering tourist accommodation.

Subsequent to these events came the introduction in the late 1950s of Boeing 707 and Douglas DC8 jet aircraft which revolutionized South Pacific air travel by drastically reducing flight times and doubling passenger carrying capacity. This technological advance required international carriers to ensure that their new aircraft operated profitably. The response of airlines was to redirect airline marketing efforts away from non-discretionary travel (businessmen and civil servants) to the promotion of discretionary (tourist) travel. These developments had a threefold impact on Fiji. First was the further extension of Nadi airport by SPATC to cater for jet aircraft, making Nadi the 'principal airport of the South Pacific' (Scott 1970:8). Second, travel interests in Fiji established Hunts Travel Service in 1951 and joined (as a foundation member) the Pacific Area Travel Association (PATA).[15] With the reconstituted Fiji Visitors' Bureau of 1953, Fiji for the first time became integrated into the evolving international tourist trade. This culminated in a comprehensive study by PATA, in co-operation with the US Department of Commerce, of Pacific island and Australasian tourism potential and the first evaluation of Fiji as an international tourist destination (Cheechi and Co. 1961). The third factor was the pressure exerted by international airlines and PATA for improved tourist facilities in Fiji. There was some conversion of existing accommodation facilities to cater for tourists, particularly the Korolevu Beach Hotel and Suva's Club Hotel. More important, however, was the opening of the Skylodge and the renovated Fiji Mocambo Hotels in 1960 and 1961 respectively. Both were located adjacent to Nadi airport and were operated by local European and American entrepreneurs. These hotels represented the first ground plant in Fiji designed for modern tourist demands.

This provision of tourist infrastructure coincided with a gradual increase in economic planning by the Colonial Administration. In the 1950s the government had been almost solely concerned with sugar, copra and banana production. It was not until the turn of the decade that the actual and potential importance of the tourist industry was recognized. In 1958 12,000 international

---

[15] A body formed by Pacific basin metropolitan country travel organizations, airlines and cruise ship companies with representation by travel agents, tour operators, hoteliers, financiers, advertisers and public relations firms.

visitors disembarked in Fiji with a further 3800 one-day stop-over cruise passengers, 24,000 liner and 36,000 air transit passengers. Tourist expenditures added $US2.5 million to the Fiji economy or about 12 per cent of gross national income, of which the government received $US800,000 in tax revenues (Scott 1970:7). Government recognition of the industry also arose from pressure from European commercial interests relayed through the Fiji Visitors' Bureau, and official concern over economic and political conditions within the country. The lack of capital investment was a particular worry. Two policies were eventually enacted that greatly increased Fiji's involvement in tourism. The first was the introduction in 1962 of legislation allowing duty-free trading. The second was the Hotel Aids Ordinance of 1964 designed to encourage new hotel construction. The legislation had a profound effect by not only stimulating a notable increase in Australian and New Zealand tourists, but determining the future composition and structure of Fiji's tourism plant.

The duty-free provisions gave immediate advantages to trading houses already selling items recognized as 'tourist goods'. The early 1960s saw the consolidation of local European and Australian firms in the importing, wholesaling, distribution and retailing of a large number of electrical, jewellery and photographic product lines.[16] Several prominent Indian, particularly Gujerati, firms (such as Caines-Jannif Ltd, D. Gokal and Co., and Narsays Ltd) diversified from their varied local market trade lines and concentrated on tourist duty-free goods. These duty-free enterprises, being the first in the field, established direct contacts with with overseas, especially Japanese, manufacturers and suppliers. This trend was heightened after the merger of several Gujerati firms into the amalgamated company Nahari Ltd, which obtained the sole agency rights to distribute National products, the most popular brand of electronic consumer goods at that time. Between 1958 and 1965 these importing and retailing companies rapidly accumulated agency rights to a wide range of high quality products, most in demand by tourists.

The Hotel Aids Ordinance promoted new hotel construction rather than the expansion and renovation of existing establishments. The Ordinance provided conditions that greatly benefited larger enterprises with sufficient capital to take full advantage of the Act's provisions (see Chapter 4). The effect of the legislation was the consolidation of local European interests in hotel ownership and the encouragement of investment.

---

[16]These firms included well-known names in Fiji such as Burns Philp (South Seas) Co. Ltd, Morris Hedstrom Ltd, Pearce and Co. Ltd, A.S. Farebrothers and Co. Ltd, Stinsons Ltd, and Thaw and Weaver Ltd.

This early involvement by local Europeans in tourism was an extension of their other commercial ventures and involved the application of their overseas connections, entrepreneurial skills and capital. It also reinforced their position within Fiji's social hierarchy. As members of the small social elite, they had easy access to colonial officials and were able to promote their commercial interests. Over the years from 1950 this group developed as a cohesive clique that justifiably laid claim to an exhaustive body of knowledge and experience about Fiji and its tourism potential. They have become a constantly mobile and interconnected managerial elite holding posts in all branches of the industry and have close ties with the state. An example of this interaction is the case of one individual who since 1953 has held the positions of: chairman of the Fiji Visitors' Bureau; owner of one of Fiji's largest duty-free importing companies with extensive subsidiary interests in several hotel resorts; Mayor of Suva; Minister of Tourism then Minister of Finance in the Alliance Government; and finally a member of the three-man Tourism Commission set up in 1973 by government to preside over the future of the industry. Another example is the managing director of a Singapore-owned hotel chain company who was also Minister of Finance and leader of the House of Representatives under the Alliance Government.

By 1964 Fiji was on the threshold of what was to be hailed as a 'tourist boom', an event precipitated by powerful outside forces. Fiji had been able to exceed the tourist growth predictions of the Cheechi Report. This was due to the increase in tourist activity within Australia and New Zealand. In both countries national tourism organizations undertook policies aimed at implementing many of the Cheechi Report recommendations that pertained to them. Fiji was able to reap the benefits of these marketing efforts and 'to take advantage of the determination of airlines to increase business of Australia and New Zealand' (Scott 1970:7). The result was a six-fold increase in air tourists stopping over in Fiji between 1964 and 1969 with the composition of this expanded tourist population closely following the respective marketing efforts of the countries involved. There was a twelve-fold increase in tourists from Australasia, a five-fold increase from New Zealand, a five-fold increase from the United States, and a ten-fold increase from Canada.

Tourism in Fiji, as in many other peripheral economies, did not develop from tourist demand within that economy, nor simply from demand from metropolitan citizens to visit Fiji. Rather, tourism developed as a consequence of initiatives provided by metropolitan transport companies. These companies provided the potential tourist flows, the identification of Fiji as a potential tourist destination, and the initial transport linkages upon which a tourism economy could be based. That is, Fiji became an important stop-over for tourists.

The articulation of international tourism capital with Fiji was based upon the interaction of foreign and local elites in the pursuit of their own interests and mutual benefit. Hotel investment incentives, provision for duty-free trading, and the making available of local capital and expertise greatly facilitated the development of Fiji as a tourist destination, the advancement of metropolitan and local European tourism companies.

The decade of the 1970s, unfolding on the assumption of continued success for tourism, was to witness a further 'boom' in the expansion of tourists' plant and services. However, a slump in international tourist trade followed the 1972 Middle East war with its contingent quadrupling of petroleum prices and economic depression in the metropolitan economies. At the same time, various groups within Fiji began critically to evaluate the industry. Tourism's rapid 'boom' and equally rapid 'bust' in the space of four years was to throw the spotlight on many of the inherent weaknesses of Fiji tourism and the national consequences of promoting this unique industry.

Chapter 3

Metropolitan companies and tourist flows to Fiji

In the final years of the colonial regime tourism activity in Fiji increased dramatically. Between 1960 and 1973 the annual rate of increase in tourist[1] arrivals averaged 23 per cent (excluding liner passengers).[2] This growth peaked in the years 1969-71 when the number of visitors[3] rose from 66,458 to 152,151 or 28.1, 28.5 and 38.3 per cent respectively. This expansionary curve was characterized by some fluctuation in the frequency of cruise-ship visitors[4] and a notable decline in the trans-Pacific liner trade. Both these trends, however, were overshadowed by the rapid expansion of tourist air traffic (Figure 3.1).

While rapid growth was the key feature of Fiji tourism, the composition of tourist flows has been an indirect determinant of the industry's character. The country of origin of Fiji's

---

[1]The word 'tourist' is used synonymously with the Fiji Bureau of Statistics usage. 'Tourists' is an umbrella term used to describe the aggregate of 'visitors', 'cruise-ship passengers', and 'liner through passengers'.

[2]Transit passengers are those undertaking a non-tourist one-way scheduled voyage on a trans-Pacific liner, although they do participate in tourism via their duty-free shopping expenditures. Liners regularly use Fiji as a 12-hour stop-over point. In addition to this category are 'liner visitors' who are passengers using ship, rather than air, transport as their mode of tourist travel.

[3]A 'visitor' is a person who usually stays at least 24 hours in Fiji or who stays overnight in accommodation in Fiji (Bureau of Statistics 1976b:3). This category is commonly termed 'tourist' by other international tourism agencies.

[4]Cruise-ship passengers arrive and depart on the same vessel and use that vessel's accommodation during the duration of their stay in Fiji. Cruise-ships usually stay from 12 to 36 hours. Fiji is commonly one of several stop-over points included in the itinerary of any one ship.

tourists reflects the importance of respective foreign control and investment interests in the industry. In this respect one feature stands out: the vital importance of Australia, New Zealand and the United States as major tourist markets. In 1961 63.8 per cent of all tourists came from one of these three nations. In 1978 this proportion had increased to 78.9 per cent. If one adds tourists from the United Kingdom and Canada, 86.5 per cent of tourist arrivals came from five countries in 1978. Over the past fifteen years there has been a notable change in the origin of Fiji's tourists, with New Zealand and particularly Australia overtaking the United States as the most important markets.

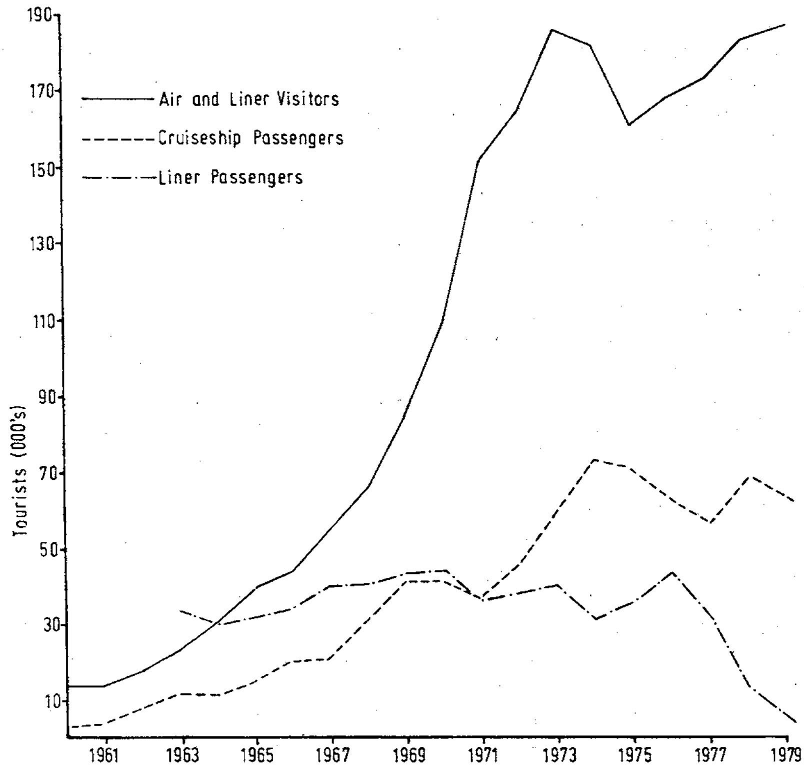


Fig. 3.1 Fiji tourist arrivals, 1960-79

Source: Bureau of Statistics 1973b, 1975, 1976b, 1980

If Fiji went through a tourist boom in the late 1960s and early 1970s, then it is also clear that the boom has ended. The other striking feature of Figure 3.1 is the marked reduction in the growth of tourist arrivals after 1972. The years 1972 to 1979 were ones of decline, stagnation and hesitant recovery. There were several reasons for this, most of which were associated with forces external to Fiji. This chapter looks at the influence and repercussions of these foreign forces.

Tourist promotion

It is virtually impossible to isolate the various reasons why tourists travel to Fiji from the influence that advertising and other activities of foreign companies have on public perception of the country as a tourist destination. But whatever their exact nature, travel motives and tourist expectations converge partially to determine the type of tourist product created and sold by the tourist industry. The degree of accord between tourist expectations and the tourist product experienced underlies the long-term viability of a tourist industry. There is a crucial link between travellers' expectations and the tourist industry's fulfilment of these expectations. Metropolitan tourism companies also become very involved in the creation of facilities compatible with tourist expectations. It is this situation that leads metropolitan tourism companies to have strong influence in a peripheral destination tourist industry.

The type of tourist visiting Fiji varies between source countries. Australian and New Zealand tourists are characteristically young adults (between 20 and 40 years of age) travelling as family units or as groups. Tourists from the United Kingdom tend to travel more as family groups. North American tourists are typically from the middle to older adult age groups. They are composed of married couples and a large proportion of unmarried people, widows and widowers, and usually travel in organized groups. American tourists are under-represented in children and over-presented in retired persons (Bureau of Statistics 1976b:41).

These tourist characteristics have important repercussions for the Fiji tourist industry (Table 3.1). For tourists from Canada and the United States 'social contact' is seen as the most important reason for travelling. This is probably a reflection of the life cycle stage most North American tourists have reached and the significant number of unmarried persons, widows and widowers among them. The chance to experience other cultures is highly rated, as is the opportunity to get away from northern hemisphere winters. Australians on the other hand, in keeping with their relative youth and national life-style, show a prominent affinity for the sun, water sports and the attraction of the South Seas mystique. New Zealanders, less well endowed with a sunny climate in their home country, also seek this commodity in a South Sea island setting. Both Australians and New Zealanders, consistent with national stereotypes, seem noticeably less interested in cultural attractions than do North Americans.

There are also differences in the type of holiday format preferred by national tourist groups. There is a dichotomy between the more elderly North American tourists, with two-thirds indicating a desire to have entertainment provided for them, and the younger Australian and New Zealand tourists who are strongly motivated towards self-entertainment (Table 3.2). These characteristics of tourist groups, however, are not sufficient to explain why Fiji was chosen as a holiday destination.

Table 3.1

Tourist reasons for visiting Fiji
(percentages)

Nationality	South Sea island mystique	Water sports	Sun	Social contacts[a]	Cultural attractions
North America	54	37	62	78	49
Australian	35	39	32	29	18
New Zealander	40	32	45	34	24

[a] 'Social contacts' includes: the chance to meet new people, the chance to develop new relationships, and the chance to interact with people from different cultures.

Source: Hines (1975:16)

Table 3.2

Entertainment preferences by age and nationality
(percentages)

	Self-entertainment			Need to be entertained		
Nationality	To 35 yrs	35 yrs +	Total	To 35 yrs	35 yrs +	Total
North America	22	11	33	5	63	68
Australian	37	35	72	11	17	28
New Zealander	54	23	77	8	15	23

Source: Hines (1975:17)

Advertising is a very important influence on tourist motivation. This is particularly so when one considers the faddism element in shaping tourist preferences for any one destination. The degree of status attributable to an individual who has holidayed in a fashionable resort area is very much a product of advertising campaigns. It is also noticeable that travel preferences are not strongly place specific. Most of the reasons for travel indicated in Table 3.2, for example, can be satisified by visiting any Pacific island country. The large numbers of South

Sea island holiday seekers going to Fiji are thus related to tourist industry promotion. And as with other advertising, tourism promotions are based on a fusion of fact and fiction, of real experiences with myths and artificially created expectations (R. Britton, 1979).

Promoting Fiji as a tourist destination involves three sets of parameters: tropical island South Seas imagery, cultural and tourist plant attractions unique to Fiji, and an image of Fiji offering experiences unavailable in urbanized western life-styles. Television, film and printed media advertisements stress that Fiji has a 'perfect tropical climate'*[5] with an 'eternal summer'* and tropical island ecology centred around palm trees, atolls and coral reefs. In Fiji a tourist is able to forget city life, time and routines and engage in a 'Robinson Crusoe'* life-style. Furthermore, a tourist can (without any apparent contradiction) be 'pampered'* in 'luxurious'* hotel surroundings, take tours in 'superb'* comfort and consume 'exquisite, exotic'* cuisine. To the accompaniment of appropriate visual aids, tourists are reminded that Fiji is one of the 'last unspoilt paradises'* in the world. Fiji has unique ancient customs, is the tourist shopping 'mecca'* of the Pacific, and is a fascinating 'melting pot'* of cultures from Melanesia, Polynesia, India and the Orient.

Several facets of tourist advertising deserve attention. While it is agreed within the industry that market promotion is vital, effective advertising tends to be undertaken by relatively few types of companies. By far the most important of these are the metropolitan based airline and tour package wholesale companies. The promotion of Fiji is largely in the hands of a small number of corporations such as Air New Zealand, Trans Tours Ltd, the Union Steamship Company, and Atlantic and Pacific Travel Ltd in New Zealand; and Qantas, King's Travel Agency and Hunts Pacific Travel Agency in Australia.

Foreign corporations involved in Fiji tourism are characteristically firms having multi-destination commitments. This stems primarily from two factors: the international, particularly United States and British, ownership of tourism corporations located in Australia and New Zealand; and the relatively small demands within these latter countries for Fiji as a travel destination. North American tourists typically travel to Europe, Central America, the Caribbean and East Asia for their overseas vacations. Australians and New Zealanders, with their strong cultural ties, have traditionally travelled the trans-Tasman and European-United Kingdom sectors, with an increasing move towards Southeast Asia-Japan and North America. Airlines, travel agents and tour organizers see the bulk of their business in these

[5]All words indicated by an asterisk are quotations taken from Fiji tourist brochures.

market sectors. In times of a downturn in aggregate travel demand, these destinations can be relied upon to provide a relatively stable market. This is illustrated by the fact that between 1974 and 1975, with worsening conditions in the New Zealand economy, short-haul travel from New Zealand dropped by 3.6 per cent. Fiji as a destination had a 10.5 per cent decline in this market share compared with only a 4.8 per cent reduction for Australia.[6] While this trend is partially caused by the higher business travel component of the trans-Tasman sector, it serves to indicate that Fiji has a less secure share of the Pacific Basin tourist market than the surrounding metropolitan countries. To make matters worse, by far the greatest proportion of international tourism promotion in this region is directed at metropolitan countries, particularly at the major gateway cities of Sydney, Vancouver, Los Angeles and San Francisco. Any rationalization of operations by trans-Pacific airlines is likely to be at the expense of smaller stop-over markets such as Fiji (see below).

A similar situation exists with respect to cruise-ship tours. Cruises operating out of the United States tend to concentrate their routes along the western United States seaboard and the islands of the Eastern Pacific. Fiji is only a stop-over point for United States cruises travelling across the Pacific to the principal destinations of Australia and New Zealand. Cruises from Australia have traditionally incorporated the islands of the Southwest Pacific as a relatively small proportion of their alternative cruise tour options. Operations have centred on other Australian ports, New Zealand, Southeast Asia and Japan. Despite this, any factor which enhances the attraction of one destination sector over another will invariably be met with promotional strategies designed to increase the total market share of that destination. South Pacific cruise-ship operations are a case in point. Intercontinental ocean travel has suffered an apparently irreversible decline in the face of increased operating costs and a consumer preference for air travel. This has resulted in ocean liner companies redirecting their activities to counteract declining profitability: thus the promotion of short-haul pleasure cruises centred around Southeast Asia, the Mediterranean and the Caribbean. Subsequently shipping companies have incorporated more Southwest Pacific stop-overs into their cruise schedules. In the past 15 or so years Fiji has enjoyed a six-fold increase in the number of cruise passengers visiting its ports of Suva, Lautoka and Savusavu — a phenomenon related to tourist demand and concerted efforts by P. and O. Lines, CTC Lines, Chandris, Sitmar and Dominion Far East Lines to expand their short-haul pleasure cruise markets.

---

[6]National Research Bureau 1975, survey conducted for Air New Zealand.

One other set of factors is very important in maintaining the flow of tourists to a destination. Because of the nebulous and often illusory nature of advertising, two tendencies are predominantly inherent in tourism promotion. The first is that advertising can create expectations which cannot be fulfilled, and, second, the distortion of Fiji, particularly as a cultural entity, will induce resentment from indigenes and undesirable behaviour modes on the part of tourists. For example brochures invariably, and incorrectly, depict the native Fijian as being only too willing to wait upon and serve (white) tourists. In addition Fijians as an ethnic group are prominently and appealingly displayed in advertising to the exclusion of Indians who constitute 49 per cent of the nation's population. Fijians are assumed to be more acceptable and attractive to tourists than are Indians. This deception is no doubt a carry-over from the colonial era (Gillion 1977:187). Similarly images of friendly natives are frequently inconsistent with indigenes' attempts to pursue their own basic economic and psychological independence. It is perhaps inevitable, and certainly not surprising, that there are periodic charges of tourists in Fiji being 'ripped off' or abused by 'surly' locals.

Tourism can further denigrate indigenes by the imagery it creates of local life-styles. With subtle invocation of western cultural superiority yet noting values implied to be lacking in western life-styles, the following is illustrative of advertising distortion:

> The sun comes up in laughter, the work goes easily, food is for the taking and the sun sets on love and affection. There is no hunger, no loneliness and no ambition ... they live in the warmth of communal love ... free from the cult of the individual, unconcerned with egos, clapping hands around the kava bowl ... (newspaper clipping quoted in Norton (1977:15)).

At a less serious level, other inconsistencies between expectation and reality abound. Some of the most obvious relate to the goods that tourists expect to buy in Fiji. Any discriminating tourist who has tried to purchase 'intricate'*, 'hand-carved'* wooden artifacts, 'highest quality'* Indian cuisine, and electronic duty-free goods from the 'large'* and 'very latest'* range available, will probably have been disappointed. When it is realized that one of the most powerful means of transmitting Fiji's tourist image is by 'word of mouth' between returning tourists and their social acquaintances, it can be appreciated that such discrepancies can adversely affect the country's long-term tourist image. Similarly the common propensity for tourists to react tersely to members of the Indian community, and to treat Fijians in accordance with what one tourist brochure calls 'the wonderful naivety'* of Fijians regarding 'the ways of the modern world'* have detrimental repercussions for tourist-indigene interaction.

Because of such promotional difficulties Fiji is losing some of its share of the Australian and North American travel markets. Fiji visitors' Bureau data show that while tourist arrivals increased by 4.4 per cent in 1976, Fiji's most important competitors had significantly better growth rates. The increase in the number of tourists visiting these other destinations was as follows: Tahiti 9.7 per cent; Cook Islands 12.5 per cent; New Caledonia 11.2 per cent; Tonga 37.5 per cent; Hong Kong 18.5 per cent; and Singapore 12.9 per cent. Admittedly the Cook Islands and Tonga have very small tourist inflows, but data for Southeast Asian destinations, especially, indicate the diversion of Australian and New Zealand tourists due to heavy promotional activities by respective national tourist bureaux, airlines and travel agencies (Fiji Visitors' Bureau 1977b). Little promotion has been undertaken in the past by the Fiji Visitors' Bureau. To appreciate the reasons for this, it is instructive to give a brief coverage of the Bureau's promotional efforts.

It has been apparent to spokesmen for Fiji's tourist industry that the country undoubtedly benefited from foreign airline and travel agency advertising campaigns during the 1960s and early 1970s. Fiji experienced its 'tourist boom' without any effective promotional commitment from its own tourist plant. The country had tourists delivered to it as overseas companies pursued their own corporate interests. This state of affairs has changed since the onset of economic depression in the tourist market, and conditions have been exacerbated by the simultaneous inability of the local industry to mount a co-ordinated national promotion exercise, and the trend for foreign companies, which in the past were responsible for promoting Fiji, diversifying to other geographic regions.

The inability of the local industry to promote Fiji effectively has been the result of an impasse between the Fiji Visitors' Bureau, local tourism plant owners and the national government (Barker 1977). Bureau funds, including those allocated for marketing expenses, have traditionally been provided by government in its annual budget grant. Very little finance was funnelled to Bureau marketing from hotel and tour operators and even less from, for example, duty-free traders and petroleum companies.[7] The managers of the local industry refused to accept responsibility for national promotion, being willing to direct funds only for the marketing of their own hotel, tour or car hire enterprise. The government responded by refusing to allocate monies for an expanded national promotion campaign[8] on the grounds that it

[7]Oil companies have a significant indirect stake in the industry through their supply of fuel to aircraft and cruise ships.

[8]This policy was changed in 1977 with the government declaring its future intention to raise $700,000 to finance a national marketing plan. This has been in response to intense industry and Fiji Visitors' Bureau pressure and the obvious stagnation within the industry.

has been subsidizing the tourist industry through various investment incentive schemes and other expenditures, and that public monies spent on national promotion would, in the event of more tourist arrivals, merely enhance the profitability of those private companies owning tourism plant. The Fiji Visitors' Bureau, answerable to both industry and government, and delegated the responsibility of devising national marketing plans, was effectively blocked in its promotional efforts. The Bureau would have been in a position to operate more effectively as a national promotional organization if government financing had enabled it to be independent of the tourist industry pressure groups, particularly the Fiji Hoteliers Association (FHA) and the Society of Fiji Travel Agents (SOFTA). As it was, to maintain the current level of industry contributions to its operating expenses the Bureau had to be seen to support the demands of the tourist plant operators. Only after the government substantially increased the Bureau's budget in 1982 did the Bureau have more independence.

One repercussion of this situation was the selective expansion of some tourist plant at the expense of others. Those companies with the greatest involvement in Fiji tourism (invariably the largest, usually foreign owned, enterprises) have used their considerable financial resources to promote their product independently of the industry as a whole. Thus while tourist arrivals at a national level were stagnant, and hotel room occupancy rates languished below the 50 per cent level, several enterprises experienced buoyant sales between 1973 and 1978. In particular one can single out operations owned or managed by Fiji Resorts Ltd (USA), the Tourist Corporation of Fiji Ltd (NZ), Islands in the Sun Ltd (Fiji), Travelodge Hotels Inc. (Australia), Regent International Hotels Ltd (USA), Kings Travel Agency Pty Ltd (Australia), and the United Touring Company (UK).

While these events demonstrate the importance of promotion to ensure tourist flows, they also indicate one of the principal forces behind Fiji's tourism — trans-national tourism companies. Fiji is not in itself an automatic tourist destination. It becomes so by advertising and tourism investment. Those companies with the greatest investment commitment to Fiji tourism are those with the heaviest commitment to advertising. Of all the factors within the international tourism industry that affect tourist flows, corporate decisions taken by the major airlines are probably the most important. Although policies undertaken by cruise-ship companies are vital in determining the total inflow of tourists to Fiji, such passengers have a relatively small impact on national tourism receipts outside the tourist shopping sector. It is air passengers, staying an average of 6-10 days, that generate the greater proportion of income accruing to the hotel, tour, hire-car, taxi and duty-free trading sectors.

International airline practices: 1970-78

The influx of tourists into Fiji between 1968 and 1972 caught most sectors of the industry by surprise. Being unprepared for the unprecedented demand for aircraft seats, there was a time-lag before airlines increased the number of scheduled stop-over flights into Nadi. In the interim Fiji tourism was dominated by the accommodation sector of the industry. Although the industry responded as quickly as possible to the 'tourist boom' by instigating a crash building program (see Chapter 4), there was a serious short-fall in hotel rooms. With supply exceeding demand from travel agents, airlines and independently travelling tourists, hotel operators were in a position to dictate contractural terms and the tariff rates of package tour and 'across the counter' sales. After 1974-75 there was a decline in demand for Fiji as a tourist destination, and hence for hotel rooms. This led to airline companies becoming the single most important capacity constraint in Fiji's tourist industry. It allowed airlines to accumulate substantial influence through their ability to determine the relative accessibility of the destination and the volume of tourists transported to Fiji.

One of the most important elements in the selection of a destination by a tourist is the cost of transport. This cost typically represents the inducement or deterrent to the purchase of a particular vacation package. In general, with a high elasticity of demand and other factors being equal, lower airfares and more frequent flights result in more tourists travelling to a destination. The factor which distinguishes airfare structures in the Pacific is that they are very expensive. Fiji, being one of the key stop-over points on the trans-Pacific network, is able to command relatively competitive fares from some airlines compared with other Pacific island destinations. But this advantage does not hold on a wider scale because of Fiji's distance from key metropolitan countries and its small market size — nor for all airlines.

Fiji has been especially uncompetitive compared to the traditional holiday destinations of Australian, New Zealand and United States tourists, and former and current client states of those metropolitan powers. With regard to traditional tourist destinations (Table 3.3), Fiji has been at a disadvantage on a cost per km basis for New Zealand tourists (compared with Australia, Los Angeles, Singapore, Hong Kong and London), for Australian tourists (compared with New Zealand, San Francisco, Singapore and London), and for United States West Coast tourists (compared with London, Johannesburg and Acapulco). In the second category the price advantage enjoyed by the client states of metropolitan powers is revealed when the fare to Nadi is compared with those between: United States and Pago Pago, Guam, Honolulu and Manila; New Zealand and Rarotonga; Australia and

Port Moresby; and Noumea, Papeete and Vila in the French Pacific Territories.

These fares are complemented by agreements whereby privileged air traffic landing rights are given to metropolitan flag carriers in client territories. This results in certain traffic sectors becoming the privileged reserve of one airline: Pan Am on scheduled flights to Hawaii, Guam, American Samoa and the Philippines (before the introduction of Continental Airlines in 1978); UTA between France, New Caledonia, Vanuatu and Tahiti; Qantas to Papua New Guinea; and Air New Zealand to the Cook Islands. Fiji faced a situation where each of the major carriers (representing government policies) responsible for its tourist flows had vested interests, such as contractual and investment obligations, in other Pacific tourist destinations. Air New Zealand's tourist promotion campaign in New Zealand has emphasized Rarotonga as a holiday destination. Fiji also faces competition from American Samoa. With Pan Am's investment in hotel plant in Pago Pago, and a strong Washington lobby from American Samoa urging greater United States interest in the territory, Pan Am tended to favour Pago Pago as a Southwest Pacific stop-over point rather than Nadi.[9] Papua New Guinea's tourism development is currently in its infancy. But Qantas's direct Sydney-Port Moresby flights using Boeing 747s, and Travelodge (Aust.) Ltd's investment in local ground plant, is likely to encourage Qantas to pay increasing attention to Papua New Guinea as an alternative tourist destination.

In recent years, however, airfare prices have begun to reflect different airline priorities. The airfare charges for January 1981 show that Qantas has substantially increased its Fiji fares and lowered the relative costs to the more distant destinations of Southeast Asia, Honolulu and the United States. Air New Zealand has followed a similar pattern with Pacific island destinations becoming more costly. The fares offered by the two American carriers have remained relatively low for all sectors. The French airline has increased its fares more to other Pacific states than to major markets such as California. Such fare movements reflect changing airline economies — rising fuel costs, the greater profitability of long-haul sectors, the consequent bias against short-haul (Pacific island) destinations, and the increased level of competition between the American carriers because of deregulation. All these trends have had important consequences for Fiji.

A more influential factor determining volumes of tourist flows have been airline practices over carrying capacities on the Fiji sector. This is a function of the number of flights scheduled and the number of seats allocated to Fiji and other short-haul

---

[9]Pan Am has since withdrawn from Pago Pago and sold its international hotel subsidiary.

Table 3.3

Fiji flight sectors: one-way economy class fares and cost per kilometre compared to alternative destinations

(in tourists local currency or local equivalents)

Sector		km	March 1978		Jan. 1981	
			Fares $	Cost per km cents	Fare $	Cost per km cents
From Australia (Qantas)						
Sydney to	Nadi	3,171	240	7.5	621	19.5
	Auckland	2,161	145	6.7	216	10.0
	Denpasar (Bali)	4,621	360	7.7	476	10.3
	Hong Kong	7,378	593	8.0	537	7.2
	Honolulu	8,170	621	7.6	733	8.9
	London	17,623	973	5.5	1,505	8.5
	Noumea	1,980	164	8.3	206	10.4
	Port Moresby	2,754	180	6.5	286	10.3
	San Francisco	11,948	748	6.2	810	6.7
	Singapore	6,299	436	6.9	577	9.1
From New Zealand (Air New Zealand)						
Auckland to	Nadi	2,157	179	8.3	253	11.7
	Hong Kong	9,539	747	7.8	1,027	10.7
	Honolulu	7,089	590	8.3	759	10.7
	London	19,784	951	4.8	1,561	7.9
	Los Angeles	10,217	696	6.8	896	8.7
	Noumea	1,842	157	8.5	244	13.2
	Papeete	4,093	427	10.4	579	14.1
	Rarotonga	3,015	178	5.9	423	14.0
	Singapore	8,415	600	7.1	846	10.0
From United States (Continental-Pan Am)						
San Francisco to	Nadi	10,707	639	5.9	680	6.3
	Guam	9,966	400	4.0	484	4.8
	Honolulu	856	122	14.2	141	16.5
	London	8,633	486	5.6	284	3.2
	Pago Pago	8,059	307	3.8	475	5.8
	Papeete	8,588	554	6.4	665	7.7
	Sydney	11,948	821	6.8	850	7.1
	Manila	12,453	598	4.8	727	5.8
Los Angeles to	Acapulco	2,661	142	5.3	168	6.3
	Rio de Janeiro	8,064	589	7.3	658	8.1
	Johannesburg	17,469	930	5.3	n.d.	n.d.
From French Territories (UTA)						
Noumea to	Nadi	1,259	119	9.4	169	13.4
	Los Angeles	10,145	674	6.6	629	6.2
	Papeete	4,744	310	6.5	325	6.8
	Paris	18,400	987	5.3	1,543	8.3
	Port Vila	535	53	9.9	76	14.2
	Singapore	7,248	512	7.0	739	10.2
	Sydney	1,980	173	8.7	245	12.3
Papeete to	Nadi	3,485	325	9.3	410	11.7
	Los Angeles	10,149	674	6.6	677	6.6
	Port Vila	5,280	363	6.8	401	7.6

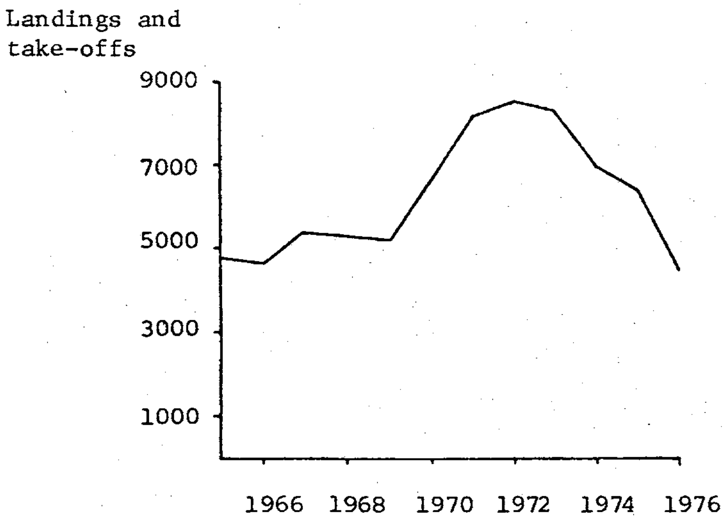
Source: ABC World Airways Guide, March 1978; January 1981 destinations on long-haul trans-Pacific flights. The number of flights scheduled in and out of Nadi International Airport since 1965 has varied in a manner similar to overall visitor arrivals during the same period (Figure 3.2). That is, both declined appreciably after 1973-74. This pattern raises an issue of crucial importance.

Prior to 1973 there was a relatively high level of load capacity on the Fiji sectors — an average of 5126 flights per year between 1965 and 1969. Between 1969 and 1972 there was a further 63 per cent increase in scheduled landings and take-offs to meet the increase in demand. This average of 5126 scheduled flights per annum between 1965 and 1969 and 7804 flights between 1970 and 1972 catered for average annual numbers of tourist arrivals of 55,478 and 138,440 respectively. By 1976 however there was a dramatic fall-off in the number of scheduled flights, a level lower than for any of the previous eleven years. This reduction in seat numbers did not parallel a similar reduction in tourist demand. In 1976, 4563 flights were scheduled to cater for over 160,000 passengers. In other words, there was a substantial reduction in the number of flights routed through Fiji. This was paralleled by an 11.2 per cent decline in actual seating capacity from 758,000 in 1973 to 673,000 in 1976 (SPATC 1978, pers. comm.).

There were three reasons for this. Changes in aircraft technology meant the replacement of Boeing 707 and DC-8 aircraft with the bigger Boeing 747 and DC-10 models. In 1971 12 per cent of Nadi's air traffic tonnage comprised of wide-bodied jets. In 1976 this proportion had reached 78 per cent with average passenger loads (and per flight profitability) increasing proportionately (Varley 1978:87-8). This enabled airlines to reduce the number of scheduled flights while maintaining a given seating capacity on any one sector. But, as these aircraft were being introduced, the global recession led to four international carriers ceasing their operations into Fiji between 1974 and 1976 — American Airlines, British Airways, Lan Chile and Air India. Their withdrawals seriously reduced the number of seats available to Fiji. When these four airlines were operating there was relatively intense competition between them and the other major airlines flying these sectors — Qantas, Pan Am, Air New Zealand and Canadian Pacific Air. This competition encouraged high levels of scheduled flights before 1974-75 as airlines attempted to ensure the maintenance of their market shares. With the withdrawal of the four carriers after 1975 this level of competition changed with the consolidation of Fiji flights into the hands of the remaining five international carriers.[10] Since

[10] This is not to say that the level of inter-airline competition lessened. Rather, while competition for the Pacific sector as a whole was very intense, for any one regional sector (e.g. Fiji)

(Footnote 10 continues on next page)



Year	Number of landings and take-offs	Percentage change
1965	4,828	
1966	4,726	-2.1
1967	5,426	14.8
1968	5,388	-0.7
1969	5,262	-2.3
1970	6,614	25.7
1971	8,200	23.9
1972	8,598	4.6
1973	8,334	-3.0
1974	7,046	-15.5
1975	6,409	-9.0
1976	4,563	-28.8

Fig. 3.2 Nadi International Airport: annual international scheduled flights (take-offs and landings).

Source: Department of Civil Aviation 1976, pers. comm.; SPATC 1976, pers. comm.

Footnote 10 continued

there was considerably less competition due to regional monopolies. It should also be noted that, at an inter-regional level, smaller national carriers such as Air Pacific, Air Nauru, Polynesia Airways and Solair Airways provided substantial competition for international carriers.

that time Pan Am and UTA have also withdrawn their Fiji flights, though Continental Airlines has replaced the American carrier. The distribution of seating capacity between airlines in 1978 is shown in Table 3.4. It is assumed (probably generously) that 50 per cent of seats on all through (stop-over) flights into Fiji were potentially available to tourists wishing to visit Fiji or any other scheduled Pacific island stop-over destination. The striking feature is that 70 per cent of seating capacity was controlled by two airlines, Qantas and Air New Zealand. This is partly due to Fiji's proximity to Australia and New Zealand, and hence the importance of tourists from these two countries.

Table 3.4

Fiji flight sector seating capacity: shares held by international carriers and Air Pacific, May 1978

Airline	Number of stop-over flights	Number of terminator flights	Aircraft type	50% of stop-over and 100% of terminator seats, week	Per cent of weekly seating capacity
Air New Zealand	5	4	DC-8, DC-10	1,158	31.0
CP Air	2	-	DC-8	130	3.5
Pan Am	2	-	B-747	360	9.5
Qantas	-	4	B-747	1,440	38.5
UTA	1	-	DC-10	128	3.5
Air Pacific	-	10	BAC-111	520[a]	14.0
	10	18		3,736	100.0

[a]Air Pacific seating capacity was calculated as 70 per cent of each terminator flight owing to the airline having to fly indirectly to New Zealand and Australia.

Source: General Sale Agents for Airline Principals Canberra, May 1978.

The control of seating capacity by so few companies rendered Fiji vulnerable to the 'rationalization' of Pacific sector networks by these airlines — a factor that led to the further reduction in flight frequencies. The re-structuring of Pacific flight networks has been partly caused by international agreements determining the share of traffic allocated to any one airline on the various Pacific sectors. The spatial organization of Pacific flights incorporates three considerations: the need for national governments to maintain air links with major economic and political partners; the need to maintain airline viability by scheduling flights along the most profitable route networks; and the historical links between colonial powers and their respective client states. An inspection of the 1975-78-81 Pacific route networks of major airlines flying into Fiji demonstrates this (Figure 3.3).

Not all airlines are influenced to the same degree by these priorities. Canadian Pacific Air, compared with UTA, has no colonial links within the Pacific Basin but has important trading links with Australia and East Asia (Fig. 3.3G-H). The maps show two other patterns: that route networks were far from constant in the years 1976-78, and that while changes may reflect obvious geo-political events in the region (note changes in the schedules of Pan Am and UTA in conjunction with Indo-China, Fig. 3.3E, G) they also express international air transport agreements and changing airline (economic) priorities. Major carriers reached a series of arrangements whereby Pacific sectors were allocated to ensure a profitable network for each airline by reducing inter-competition. Qantas and Pan Am, for example, provided complementary rather than competitive services between Sydney, Nadi and Honolulu (Fig. 3.3A, E). This was initially a response by airlines to what was perceived as adverse market conditions. In the context of 1973-75, with intensive competition between nine carriers operating into Fiji, airlines were under considerable economic restraints such as IATA regulations setting flight frequencies, market shares and (high) fixed prices. This led to 'monopoly pricing in an oligopolistic situation [and] ... oversupply. In practice, it meant that airlines [were] flying their aircraft half-full and passengers [were] paying more for just that reason' (Le Fevre 1975:216).

The 1975 Pacific capacity pact between Qantas and Pan Am was an attempt to minimize these constraints. As it turned out, the proposed sharing of flight networks, including the Fiji sector, was declared illegal under United States anti-trust laws, and ceased to exist on paper. Both airlines, however, unofficially stayed with the limited schedules they set for themselves (*South Pacific Business News*, August 1976:23; *Traveltrade Magazine*, September 1976:33). While other airlines did not have such informal arrangements most gained a dominant position in one part of the Pacific or another. Air carriers, therefore, by scheduling flights (and associated promotion and package tours) have the potential to funnel large volumes of tourists in such a way as to maximize their own corporate priorities without being unduly subject to pressure from destination country governments or ground plant operators. Such practices had serious repercussions for Fiji with regard to United States tourists. Pan Am cut the number of its flights in half in 1976. This, coupled with inconvenient arrival times and restrictions on departure connections, led to United States travel agencies (typically promoting group tours) by-passing Fiji in favour of alternative island destinations or non-stop schedules direct to Australia and New Zealand.

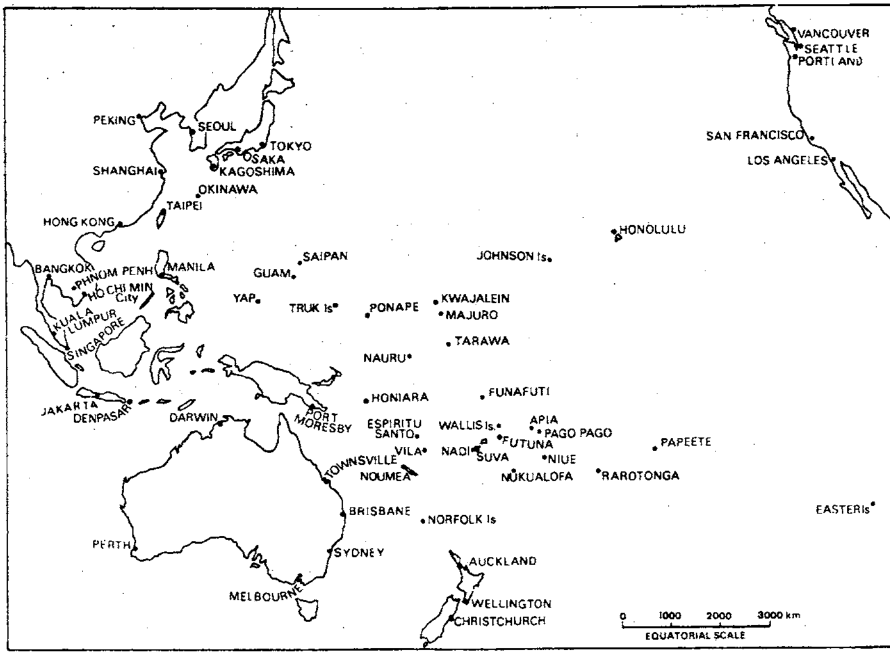
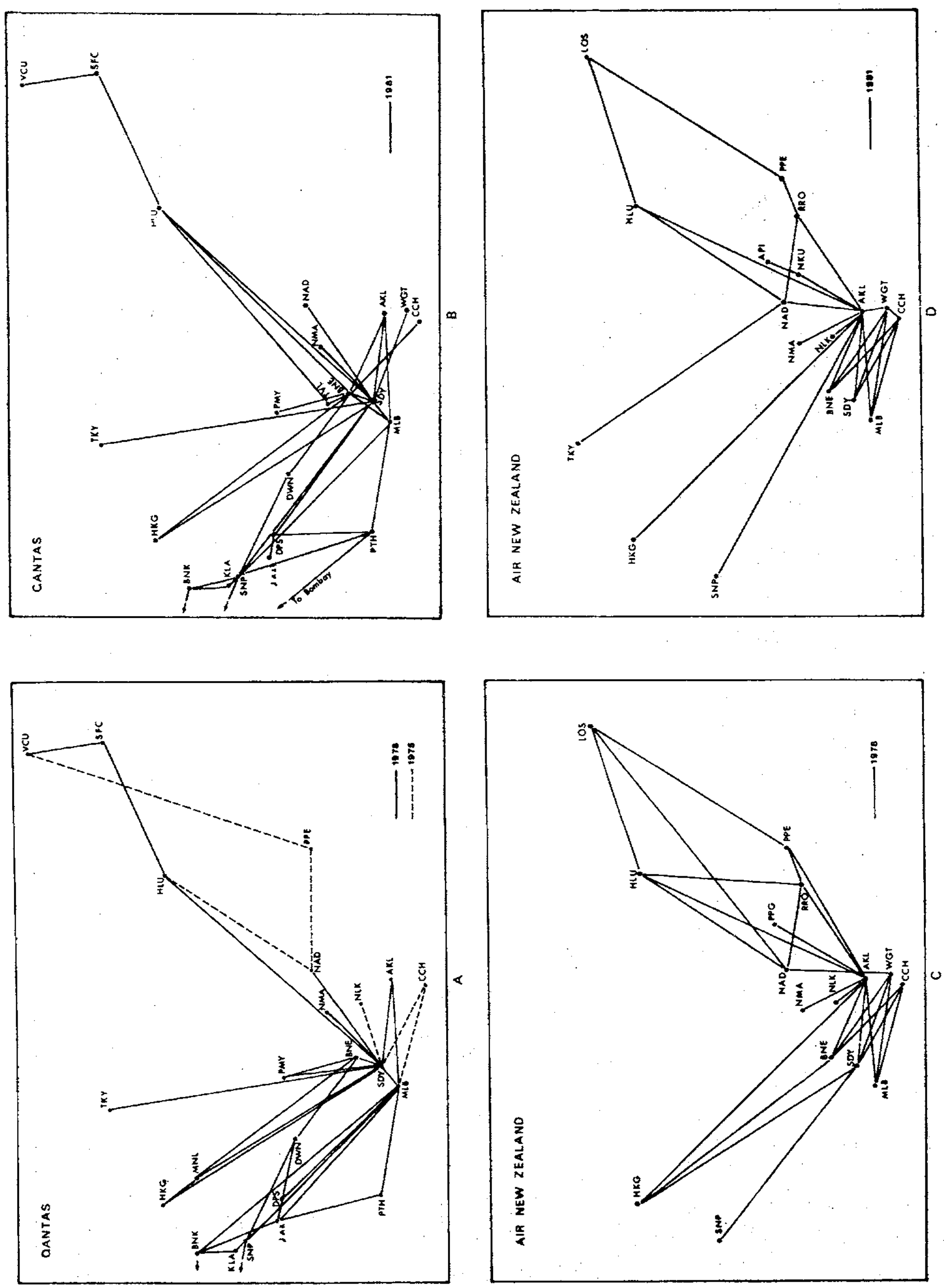
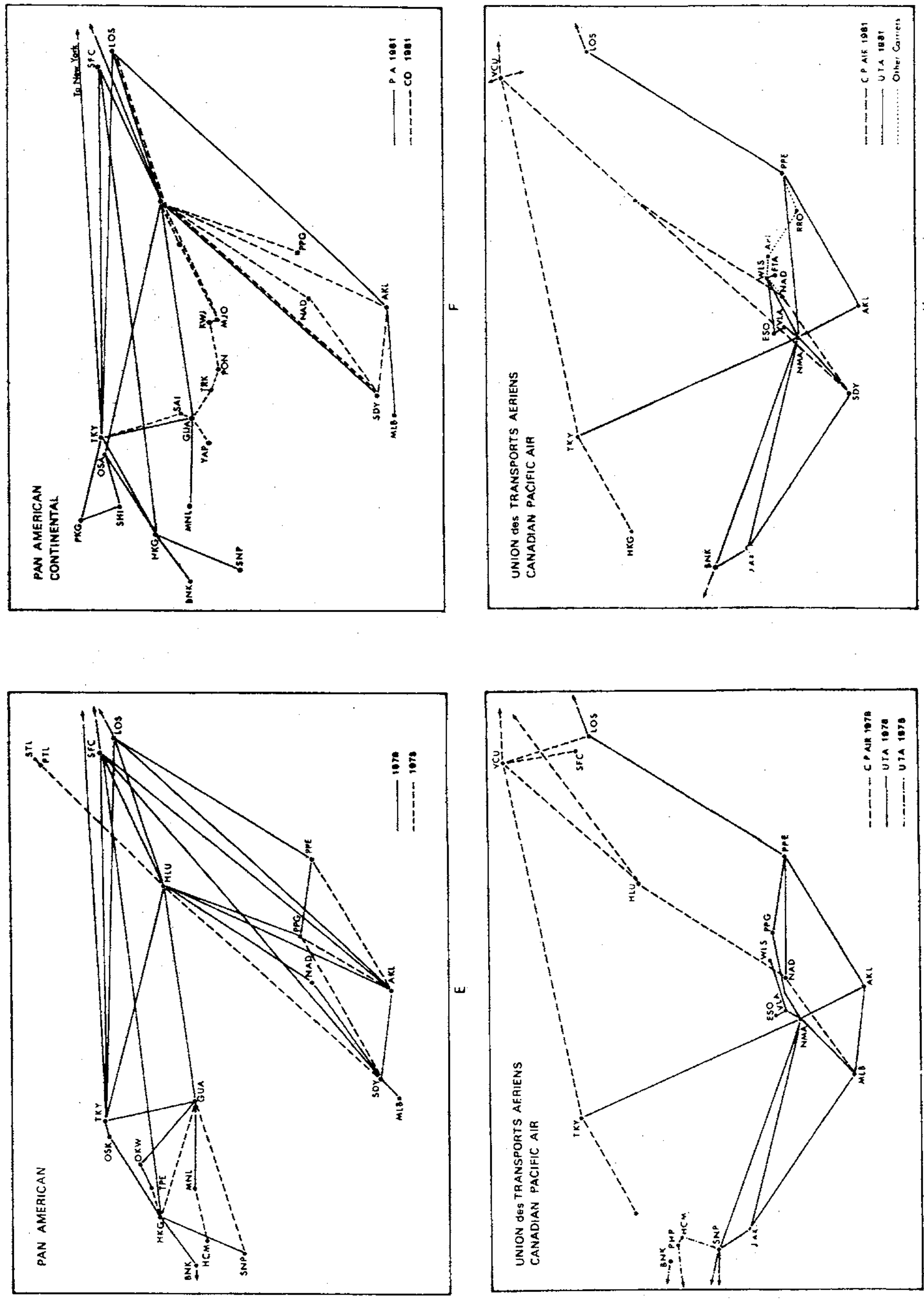


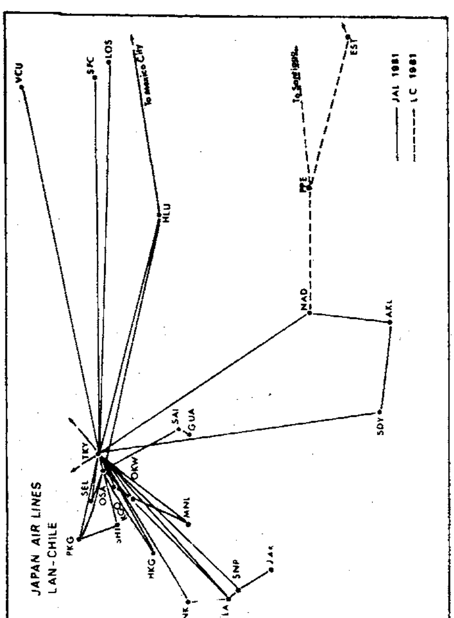
Fig. 3.3 Route networks of international airlines flying through Fiji.

Key to place names

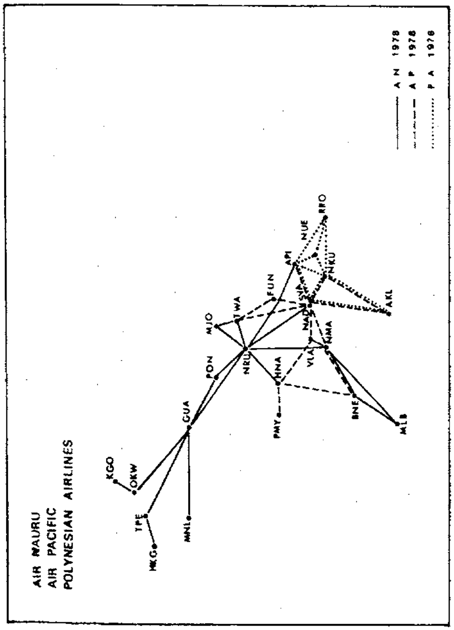
API	Apia	KWJ	Kwajalein	PMY	Port Moresby
AKL	Auckland	LOS	Los Angeles	RRO	Rarotonga
BNK	Bangkok	MAJ	Majuro	SAI	Saipan
BNE	Brisbane	MNL	Manila	SFC	San Francisco
CCH	Christchurch	MLB	Melbourne	STL	Seattle
DWN	Darwin	NAD	Nadi	SEL	Seoul
DPS	Denpasar	NRU	Nauru	SHI	Shanghai
EST	Easter I.	NUE	Niue	SNP	Singapore
ESO	Espiritu Santo	NLK	Norfolk I.	SVA	Suva
FUN	Funafuti	NMA	Noumea	SDY	Sydney
FTA	Futuna	NKU	Nukualofa	TPE	Taipei
GUA	Guam	OKW	Okinawa	TWA	Tarawa
HCM	Ho Chi Min City	OSA	Osaka	TKY	Tokyo
HKG	Hong Kong	PPG	Pago Pago	TVL	Townsville
HNA	Honiara	PPT	Papeete	TRK	Truk
HLU	Honolulu	PKG	Peking	VCU	Vancouver
JAK	Jakarta	PTH	Perth	VLA	Vila
JOH	Johnston I.	PUP	Phnom Penh	WLS	Wallis I.
KGO	Kagoshima	PON	Ponape	WGT	Wellington
KLA	Kuala Lumpur	PTL	Portland	YAP	Yap


QANTAS
1978
1978
A
QANTAS
1981
B
AIR NEW ZEALAND
1978
C
AIR NEW ZEALAND
1981
D
To Bombay
VCU
SFC
HLU
TKY
HKG
MNL
BNK
KLA
SNP
JAK
DPS
DWN
PMY
BNE
SDY
MLB
PTH
NMA
NAD
NLK
PPE
AKL
WGT
CCH
LOS
RRO
PPG
API
NKU

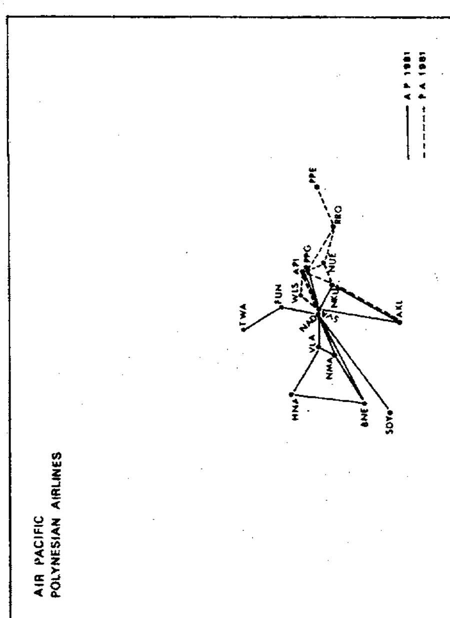

PAN AMERICAN
CONTINENTAL
P A 1981
CO 1981
To New York
F
UNION des TRANSPORTS AERIENS
CANADIAN PACIFIC AIR
C P AIR 1981
U T A 1981
Other Carriers
H
PAN AMERICAN
1978
1978
E
UNION des TRANSPORTS AERIENS
CANADIAN PACIFIC AIR
C P AIR 1978
U T A 1978
U T A 1978
G


JAPAN AIR LINES
LAN-CHILE
JAL 1981
LC 1981

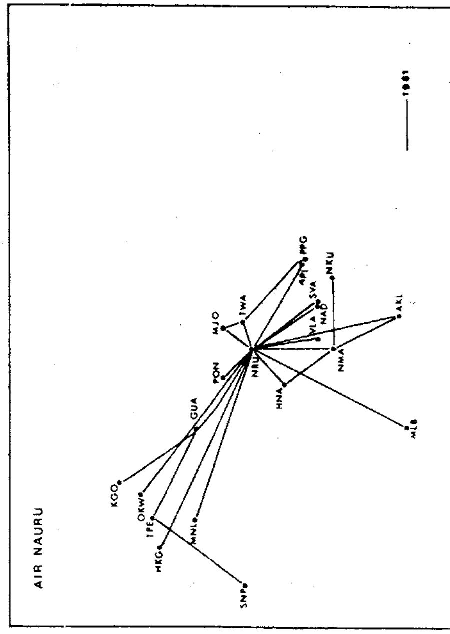
I


AIR NAURU
AIR PACIFIC
POLYNESIAN AIRLINES
A N 1978
A P 1978
P A 1978

J


AIR PACIFIC
POLYNESIAN AIRLINES
A P 1981
P A 1981

K


AIR NAURU
1981

L

But important as these events were, they were not the only repercussions of international airline practices. Declining flight frequencies and high cost structures were inextricably linked, not to Fiji tourism, but to the maintenance of airline shares in the trans-Pacific travel market and short-term airline profitability. To illustrate the implications of these monopoly market conditions and the pivotal role that airlines had on a destination country's tourist industry the following sections detail other airline practices as they affected Fiji.

Travel markets and airline scheduling

Tourists are the most important component of the Australasian east-bound travel market, but this is not the case for the North American market where west-bound traffic from West Coast United States is heavily dependent on business travel. There has been a conflict of interest between airlines operating west-bound routes and Pacific island states which see air linkages as the primary component of their tourism economies (Clark 1977:32, 102). The North American-Australasian main trunk routes have been built on a 70 per cent business component (Rowe 1977:39). Of all passengers flying into New Zealand on all airlines, 78 per cent are other than holidaying tourists (McIntyre 1980c:3). Because trans-Pacific passengers are primarily non-tourists, the major aircarriers will have flight networks and operational priorities which have little to do with the priorities of tourist industries in either destination or market countries. Airlines trade off providing services for a relatively stable business clientele and a variable tourist market. The position of the Pacific island tourist stop-over destinations can be particularly tenuous when the flight frequencies they receive are dependent on airline decisions regarding this trade-off. By implication any downturn in tourism demand will be added inducement for airlines to reduce scheduled flights into tourist stop-over points in favour of metropolitan country schedules for businessmen. As it is, the scheduling of flights discourages tourists contemplating a visit to Fiji.

To reduce stop-overs on longer-haul flights, airlines imposed a $25 surcharge on any passengers travelling in group tours to Fiji. This monetary disincentive was complemented by adverse flight time scheduling practices. This arose from the fact that carriers utilize Fiji ground facilities as a convenient stop-over rather than as a terminal destination. Airlines schedule their flight arrival and departure times in accordance with demand in the terminal metropolitan markets. The most obvious consequence of this can be seen on flights leaving North America. While departing at convenient times for that market, aircraft most frequently arrive and depart from Fiji between 10 p.m. and 6 a.m. This problem may be unavoidable on some schedules. Qantas, for example, when operating their Nadi stop-over flights prior to 1977, could only leave the US West Coast during evening hours otherwise they would miss connecting passengers on trans-continental flights from the US East Coast. This was a result of Qantas being prohibited US landing rights other than from San Francisco. At the Australian end of the trans-Pacific sectors, aircraft are prohibited from operating in and out of Sydney airport during the night hours owing to the imposition of a curfew designed to reduce the noise pollution generated by aircraft activities.

This restrictive scheduling of flights was worsened by the policy of major carriers refusing to 'inter-line' passengers. That is, if tourists wish to stop-over in Fiji they are forced to continue on to final destinations aboard the same airline — irrespective of the inconvenience or otherwise of the available connecting flights. Other carriers would refuse a passenger a seat if they attempted to circumvent this practice.

Commercial power of airlines over Fiji ground plant

At a national level the profitability, or at least the cost structures, of tourism ground plant is intimately tied to airline practices. In 1973 Fiji's tourism economy was characterized by increasing inter-airline competition for shares in that travel market, and a growing reduction in the bargaining power of hotels. To consolidate its monopoly on the Australian-Fiji sector, and to enhance its negotiating power over ground plant operations, Qantas made applications to the Fiji Government for the introduction of a series of cut-rate tour charter flights. This was rejected by government, ground plant operators, and other, particularly United States air carriers, on the grounds of 'unfair competition'. Qantas's reaction to these failed negotiations was to exercise its considerable economic power. In co-operation with Air New Zealand, a series of Fiji tour packages called a 'Group 10' fare plan were announced with accompanying severe limitations on their conditions of sale: fares had to be purchased 60-35 days in advance; a 10 per cent deposit on fares was required on initial bookings; the fare represented a cost higher than other Pacific sector fares, and considerably higher than other major destinations (for example, 6.35 cents per mile Sydney-Nadi compared with 3.0 cents per mile Sydney-London); and, finally, these vacation fares would only be available to travellers in groups of ten people or more.

Leaving aside the issue of inter-airline rivalry, the central area of conflict was that between airlines and ground plant operators. It is a conflict that is a continual component of Fiji's tourism economy, whether in respect to charter flight proposals or cut-rate tour packages such as Qantas's 'Fiji Fun Jet' promotions. The introduction of cut-rate fares by an airline holding a near monopoly on a particular sector allows that airline to control tourist flows. The airline could then dictate terms to hotel and tour companies wishing to integrate themselves into the airline-initiated tour packages. If a hotel refused to accept a tariff agreement below that which it considered reasonable, the airline has the power to redirect its tourists to more co-operative hotels (some of which the airline may partly own). The consequence would be intense competition between hotels and tour operators as they sought to undercut each other to maintain hotel occupancy levels and liquidity.

To counteract this, ground plant operators could try collective bargaining and produce a series of tour packages which they could sell to travel agents in the metropolitan countries. However a series of bilateral agreements between destination and tourist market countries prevents this, and since Fiji tour companies have very little bargaining power, major carriers could reschedule flights to alternative destinations. Only large trans-national tour wholesalers located in the metropolitan cities have any negotiating leverage with airlines because of their very large volume sales and world-wide multi-market linkages. Fiji ground plant enterprises can expect to remain subordinate to external tourism and airline corporations, although those tour and hotel companies that are part of trans-national enterprises have an inbuilt advantage over other local companies.

Airline preferences for long-haul flights

After 1974 three events profoundly affected airline operations: increasing petroleum costs, the phasing in of wide-bodied 'jumbo jets', and the slump in trans-Pacific tourist travel demand. Airlines reduced the number of scheduled flights and rescheduled, where practical, existing flights to maximize long-haul traffic at the expense of short-haul stop-overs. This was designed to reduce total operating costs, maximize load factors on larger aircraft, and ensure short-term liquidity. At the same time the extensive increase in landing charges at Nadi International Airport (now over $3000 per B-747 aircraft) and the reduction in inter-airline competition on regional sectors, encouraged the remaining major carriers to reduce significantly the number of scheduled flights into Fiji. Qantas, for example, from a peak of twelve weekly stop-overs into Fiji during 1975 on the Sydney-San Francisco sector, operated only four terminators into Fiji and no stop-over flights in 1978. Flights now centre on the Sydney-Honolulu route, giving Qantas the advantage of operating long-haul routes (Fig. 3.3A-B). Pan Am, flying out of Hawaii and the United States West Coast, similarly reduced its Pago Pago and Nadi stop-overs. The company then withdrew its Pacific island stop-over flights altogether in 1980 (Fig. 3.3E-F).

Indicative of these trends were the promotion ploys carried out by airlines to create public demand for long-haul flights. Pan Am, having introduced B-747 SPs (the long distance version of the B-747) on Pacific sectors, promoted non-stop schedules from the United States to Tokyo, Sydney and Auckland. Qantas designed package tours directed specifically at Honolulu with no trans-Pacific stop-overs and with convenient Honolulu-San Francisco connecting flights. Where they competed for the same market both airlines engaged in an advertising campaign using the theme of 'we are the fastest' (*Pacific Islands Monthly* 1978, 49(4):63). Qantas attempted to generate long-haul tourist traffic to the United States, and Pan Am wooed west-bound business travellers by emphasizing minimal travel times. This strategy accorded short-haul tourist destinations secondary priority. With the allocation of its four terminator flights Qantas made a conscious decision to treat its long and short-haul destinations as separate market entities, thus reducing west-bound traffic potential into Fiji.

Inter-airline competition

Since the withdrawal of American Airlines Pan Am enjoyed the status of being the sole US flag carrier on the United States-Australasia air networks. In a 1977 decision designed to break this monopsonic power, the United States Government gave Continental Airlines the right to embark on west-bound US-Honolulu-Pago Pago or Nadi-Sydney flights (Fig. 3.3F). The Fiji Government's preference for which airline should be given rights into its airpsace was overruled by the United States Government. Fiji favoured the application of Hawaiian Airlines since that carrier proposed to operate terminator flights on the Honolulu-Pago Pago-Nadi sector. Hawaiian would have offered cheaper airfares and given passengers convenient arrival and departure times into and out of Nadi. Despite Fiji's control over the allocation of its national landing rights, it had little influence in the complex political bargaining that resulted in Washington's preference for Continental Airlines.

The advent of Continental however appeared in many respects beneficial to Fiji. With its monopsonic position at stake, Pan Am attempted to undermine Continental's chances of success. In its application hearings in Washington, Continental emphasized several problems that lack of United States airline competition had caused: Pan Am's 'inadequate' attempts at developing the tourist potential of American Samoa; the withdrawal of American Airlines and British Airways from the South Pacific leading to a decline in competition and a situation where 'fares are amongst the highest in the world' and 'market promotions tend to be focused on the gateway cities'; and Pan Am was being seriously out-scheduled and out-carried in the Pacific as a whole, with United States flag share between 1971 and 1974 alone dropping from 49.3 per cent to 33.3 per cent of the travel market (Stackhouse

1977:65). Pan Am's response to these allegations was to increase flight frequencies and reduce airfares. Pan Am's promotion of its B-747 SP non-stop flights to Auckland, Sydney and Tokyo, while associated with the previously mentioned issue of short-term liquidity problems, was also a tactic to provide improved frequencies on the most important trans-Pacific sectors and to increase its total market share. At the same time Pan Am started flying out of Los Angeles as well as San Francisco, with the promise of five of their services each week to be operated by B-747 SPs. This move was a direct counter to Continental's stated intention of operating from Los Angeles.

To further intensify competition Pan Am announced a 40 per cent reduction on some previous South Pacific fares. Although these fare reductions were interpreted as a deliberate move against Continental, they were of apparent benefit to stop-over destinations. But only a few select flights to Nadi, Pago Pago and Rarotonga were allocated this new fare. This restricted availability was further constrained by conditions of sale which exclude all but the itinerant component of the travel market: fares had to be paid well in advance, travellers could not designate a specific date for departure, and only 15 per cent of aircraft seats were allocated to such cut-rate fares (*Pacific Islands Monthly* 1978, 49(4):65). In addition what limited impact these may have had for Fiji was dissipated by a greater tourist propensity to visit Rarotonga and Pago Pago, and more importantly, the United States, New Zealand and Australia.

These examples demonstrate the vulnerability of Fiji (and other Pacific stop-over destinations) to metropolitan commercial and government pressures — pressures over which destination countries have very little control. Since international air carriers have the potential for wielding such considerable economic and political power one means with which a tourist destination country can counter this pressure is to establish control over tourist flows with a national airline. But foreseeing just such moves major international carriers invariably nullified competition from regional carriers by taking up substantial shareholdings and management control over their operations and restricting Pacific island owned carriers to the status of regional airlines (Fig. 3.3J).

Foreign airlines and Air Pacific

Fiji Airways, out of which Air Pacific evolved, was created in 1951 to cater for traffic within Viti Levu, the largest island in the Fiji group. After being sold to Qantas in 1957 the company became jointly controlled by Qantas, British Airways and Air New Zealand. By 1968 the structure of Air Pacific's ownership, its regional schedule route network and the policy strategies set for it, made it obvious that the airline had become an instrument by which its principal shareholders hoped to subordinate regional air services to their own interests. Air Pacific was not allowed seriously to compete with the New Zealand and Australian flag carriers. This can be illustrated by a comparison of Air Pacific's 1978 route network (Fig. 3.3J) with those operated by Qantas and Air New Zealand (Fig. 3.3A, C). To counteract this in part, the Fiji Government progressively acquired a controlling 66.75 per cent shareholding in Air Pacific by 1976, leaving 6.07 per cent to each of the governments of Tonga, Western Samoa, Nauru and the Gilbert Islands,[11] and 8.75 per cent being held by each of the three international carriers. Since that time, Fiji has acquired a larger shareholding, British Airways made known its decision to withdraw and Fiji intimated its preference for Pan Am to join the corporation (Keith-Reid 1976:65) — a move that was in direct conflict with Qantas's and Air New Zealand's regional interests.

Air Pacific's new status as a national airline did not seriously reduce the influence of foreign carriers. Fiji's traffic agreements had previously been negotiated by its colonial administrators and as such reflected British aviation interests. After Independence this situation changed only in so far as Australia and New Zealand became the prime beneficiaries. An example of the restrictions imposed upon Air Pacific operations can be drawn from the 1973 agreement with New Zealand (Aidney 1977). Air New Zealand acquired unrestricted rights to fly, from any point in New Zealand, any number of passengers on any number of flights in and out of Nadi International Airport. The agreement also gave Air New Zealand unrestricted rights to pick up passengers from Fiji and unrestricted rights to land passengers in Fiji from other destinations such as Honolulu, Pago Pago, Rarotonga and the United States. Air Pacific was also given unrestricted rights to fly any number of scheduled flights into Auckland, but with crucial provisos. Air Pacific could only land at Auckland if it routed through Tonga, Vanuatu, New Caledonia or Norfolk Island. This severely circumscribed Air Pacific's ability to conduct its operations competitively since it required Fiji to negotiate landing rights with each of these governments. While this was achieved with Tonga, it has been difficult with the other nations. The French authorities would not (until very recently) allow access to Tontouta or Vila, and New Zealand required that flights to New Zealand be via Norfolk Island. This

---

[11]Air Pacific was conceived as an inter-government owned regional Southwest Pacific airline. Owing to political and economic difficulties found to be inherent in adequately providing for the interests of both the airline as a commercial enterprise and the various national governments involved, this function has been progressively down-graded. Air Pacific is now, to all intents and purposes, Fiji's national airline.

was despite the fact that the Norfolk Island airstrip cannot accommodate the BAC-111s used by Air Pacific and that flights to New Zealand via Vanuatu or any other island state within close proximity would of necessity have required Air Pacific to fly in the wrong direction to its intended destination, thus forcing the company to charge higher Fiji-New Zealand airfares.

These air traffic rights, described by the New Zealand Government as 'the most generous bi-lateral agreement Fiji has' (Aidney 1977:4), had the effect of maintaining Air New Zealand's hegemony on the Fiji-New Zealand sector in the form of a $12 million turnover in 1977 while limiting Air Pacific to 7 per cent of that sector's air traffic and a $1 million turnover. After extensive government-to-government negotiations this situation was rectified with Air Pacific being permitted six weekly direct Fiji to Auckland flights. This settlement is itself instructive of the dynamics of international airline politics. Air New Zealand consolidated an even stronger hold over the Western Samoa, Cook Islands, Niue-New Zealand sectors by increasing the carrying capacity of Air New Zealand managed Polynesian Airlines, becoming the sole international carriers flying through Rarotonga and becoming part owner of the only tourist hotel resort in the Cook Islands. This gave Air New Zealand a virtual monopoly over air traffic in the central region of the South Pacific (Fig. 3.3C-D). What Air New Zealand lost on its Fiji sector it gained on its Hawaii-Southern Polynesia-New Zealand sectors. This case study again demonstrates how the operational priorities of foreign companies and governments, coupled with the relatively restricted ability of Fiji to wield compensating political and economic power, is a powerful force in the structuring of tourist flows. But this is only one expression of metropolitan interference in Fiji's tourist industry. Leaving aside the role of foreign investment in tourism ground plant, various economic events and administrative decisions taken by metropolitan governments have had important disruptive implications.

Economic fluctuations within tourist markets

Of all the disadvantages associated with international tourism the one most frequently mentioned is the vulnerability of third world destined tourist flows to economic downturns in western countries. While the practices of trans-national corporations can be seen as the fundamental structural determinant of Fiji's tourist flows, the economic problems of tourist source countries is the most critical incidental variable acting upon Fiji's tourist industry. Since 1970 the world economy has suffered from international monetary instability, ubiquitous high rates of inflation, rapid increases in crude petroleum prices, and a consequent lingering economic depression. Combative measures taken by metropolitan countries have had deleterious effects on Fiji tourism.

The most pervasive of such events has been the effect of economic depression within Fiji's tourist source countries which has resulted in a decline in discretionary income available to potential tourists. The reduction in the propensity to allocate personal income to overseas travel was the prime cause of the downturn in Fiji tourist arrivals after 1972, a trend exacerbated by a similar though less spectacular reduction in the business travel market. The impact of this depression was preceded by several less significant events related to economic policy decisions taken by Australia, New Zealand and the United States. In particular currency exchange fluctuations have had serious consequences on both airfare and package tour costs and hence on tourists' overall holiday expenditures. One of the variables in tourists' decisions to choose a destination is the purchasing power of their currency in that country. Any adverse movement in exchange rates will induce tourists to choose an alternative destination. The 11 per cent drop in New Zealand visitors in 1968 has been directly related to the devaluation of the New Zealand dollar in late 1967 (Central Planning Office 1970:182). Subsequently the devaluation of the US dollar in 1971 caused a considerable drop in the number of US visitors, and consequently a reduction in the gross national income from tourism for the year 1972. Similar repercussions have been claimed for currency devaluations by other countries, notably the 17.5 per cent devaluation of the Australian dollar in November 1976. The combined impact of such variations in travel costs, and attempts by metropolitan countries to reduce their foreign exchange leakages has been an upsurge of internal travel within metropolitan countries. Advertising campaigns within Fiji's major tourist source markets encouraged citizens to stay at home and take holidays within their own country.

Although Fiji's tourist industry as a whole suffered from these problems, certain sectors within the product group were affected more than others. The impact of increasing operating costs upon airline policies has already been mentioned. Perhaps the sector hardest hit within Fiji was the duty-free retailing trade. Without pre-empting later discussion, it is clear that duty-free traders have been subject to rapidly increasing costs imposed by overseas manufacturers which in turn were reacting to factor cost increases in their own economies. This contributed to the progressive shrinkage of Fiji's duty-free shopping market. In 1972 the Australian Government imposed stricter controls on the purchase of duty-free goods overseas by Australian tourists: only items to the value of $A200 purchased for personal use would be permitted free of duty to persons 18 years and over, with a further $A160 value of goods allowed at a 20 per cent duty. This occurred in the same year as manufactured goods from Japan increased in price after the revaluation of the yen. In 1975 very stringent restrictions were imposed by the New Zealand Government. Apart from a few select items such as cigarettes, only goods to a total value of $NZ50 were permitted into New

Zealand duty free, with a 25 per cent duty imposed on goods worth a further $NZ100. The immediate consequences of these administrative policies were a contraction of duty-free retailing turnover in Fiji and a further disincentive for New Zealand and Australian tourists to visit Fiji.[12] In 1980 the New Zealand Government tightened its customs controls over tourist purchases even further.

The importance of these factors can be seen in data on tourist flows from Fiji's major markets (Figure 3.4). The impact of adverse exchange rates between the US and Fiji currencies

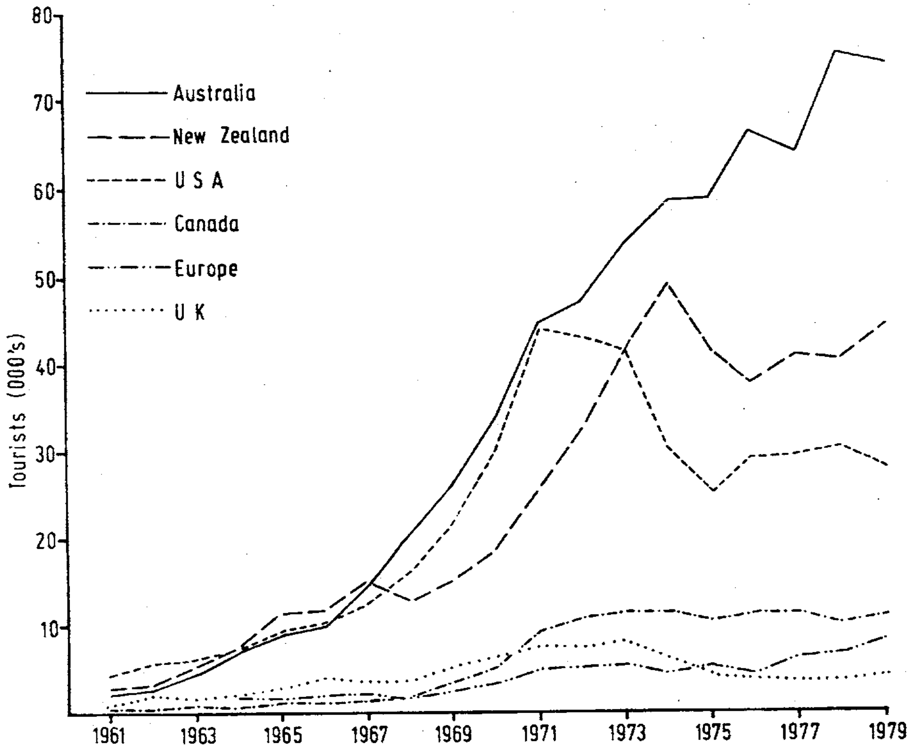


Fig. 3.4 Fiji visitor arrivals: country of origin of major tourist flows, 1960-79.

Source: Bureau of Statistics 1973b, 1975, 1976b, 1980

[12]North American tourists do not view duty-free shopping as an incentive to visit Fiji. Owing to the size of the North American internal markets and bilateral trade policies, imported electronic goods and other locally manufactured consumer luxuries are usually available at a cheaper cost than in Fiji.

(and hence in the relative cost to an American tourist of a Fiji holiday) was followed by the sharp reduction in United States visitor arrivals during 1972. Of more widespread influence was the progressive impact of depressed economic conditions in each of the market areas shown. Starting first with the key economies (in a global context), tourist arrivals from Europe, USA and Canada showed a decline after 1972 as economic conditions worsened. By 1974 the Australian and New Zealand economies were also affected.

Conclusion

Fiji tourism has been shown to have evolved from contradictions within the colonial economy and the intervention of foreign tourism capital. The coalescing of these two forces during the 1960s and 1970s led to the rapid expansion of tourist arrivals and the construction of tourist ground plant and services. The development of the tourist industry in a relatively short time was indicative of the forces and processes behind Fiji tourism. A series of interlocking relationships between foreign capital, Fiji's business elite and economic managers, combined in the 1950s to create the infrastructure and investment climate that laid the pre-conditions for tourism's 'take-off' in the years 1964-73.

Through the manipulation of tourist preferences, advertising promotions, and the exercise of economic and political power, metropolitan governments and enterprises have come to dominate Fiji's vulnerable tourist economy. In particular there is considerable evidence to support the contention that major air carriers have become the key determinant regarding the viability of Fiji's tourism economy. With the power to change the frequency of scheduled flights, the differential routing of flights, and the physical and monetary accessibility of Fiji, tourist flows into that country are highly susceptible to airline practices (or the priorities of their respective governments). The analysis in the following chapters discusses the characteristics of the various sectors of Fiji's tourist industry and stresses the external linkages and distribution of commercial power in these sectors.

Chapter 4

Fiji primary tourism sectors

Accommodation, travel agency and tour companies are the most important land-based components of a tourist industry. They determine the 'character' of a destination country's tourist product. Hotels provide visitor living space and influence the type of tourist likely to visit Fiji. In turn the experiences gained in hotels mould tourists' perception of Fiji. Travel agencies and tour operators enable tourists to travel selectively within the country and again help shape images of Fiji society. The capacities and qualities of these sectors determine (as far as ground plant can determine) the volume of tourist arrivals over the longer term. Most importantly, these sectors provide opportunities for the participation of Fiji's business community in tourism. By creating commercial opportunities they also facilitate the involvement of economically marginal groups. The extent to which these sectors provide economic gains to the national economy, however, is measured not simply by the aggregate of tourist enterprises or work places but by their structural characteristics. It is these features that are the focus of this chapter.

The accommodation sector[1]

Between 1960 and 1975 Fiji's accommodation sector underwent a radical transformation as the local business community

---

[1]See Appendix 1 for details of survey methodology. Throughout this monograph enterprises have been categorized into foreign and locally owned. These categories, based on company information, interviews, and Fiji Registrar of Companies files, are made up as follows:

Foreign enterprises are defined as: wholly foreign owned companies, branch operations of overseas interests registered as Fiji companies, Fiji companies backed and initated by foreign interests, and enterprises leased by foreign interests (irrespective of nationality of the lessor). It should be noted that some companies in this category appear to have a majority of Fiji

(Footnote 1 continues on next page)

responded to the sharp and prolonged increase in tourist arrivals. A major building program transformed the character of Fiji tourist accommodation. In 1960 four hotels provided 40 per cent of available tourist rooms with the other 60 per cent of rooms catering to locals. By 1977 over 86 per cent of available accommodation was designed to cater to tourists. Over that time a number of smaller enterprises catering mainly to locals had closed and others had been converted to tourist accommodation. The big change, however, was in the expansion of accommodation stock. In the years from 1960 to 1969 the number of rooms increased from approximately 545 to 1651. In the same time the number of visitors grew from 14,200 to 85,100. This period was followed by an acute shortage of accommodation due to the addition of 80,000 more visitors between 1969 and 1972. The influx initiated a second and greater hotel construction phase, most of which had opened by late 1975. Over 57 per cent of the 3791 rooms available in 1977 were built in the six years between 1970 and 1975.

This building boom was largely spontaneous, speculative, and unplanned, and served to waken the business community and government to the implications of uncontrolled tourism expansion. Concern increased when hotel building restricted construction in other sectors of Fiji's economy. This tying up of resources was primarily a consequence of the inflow of foreign tourism capital. Overseas companies were the most active force initiating hotel building in all years after 1966: 65 per cent of all rooms run by foreign companies were constructed between 1970 and 1975 (Table 4.1). From four tourist hotels in 1960 the accommodation sector increased to forty-four tourist hotels and resorts in 1977. These represented 46.8 per cent of all accommodation units and 84.7 per cent of available rooms (Table 4.2). Tourist accommodation as a whole accounted for 64.9 per cent of all types of accommodation units and 89.4 per cent of all rooms. Of those units wholly or partially catering to tourists, foreign companies provided 67 per cent of resorts and 58 per cent of hotels:

Footnote 1 continued

shareholders. They have, however, been classified as foreign since the holding of shares by nominees disguises additional foreign involvement and local Europeans may front as shareholders for enterprises essentially established and financed by foreign interests.

Expatriate enterprises are defined as enterprises run on a single proprietor basis by Fiji residents holding foreign citizenship. They differ from foreign enterprises in scale; that is, they are not companies but family-run operations.

European, Indian, Chinese, Fijian and *Fiji Public* enterprises are defined as enterprises owned, financed and/or managed by local citizens of various racial groups.

Table 4.1

Accommodation sector: rooms constructed and operated by foreign and local enterprises, 1966-77[a]

Ownership category	Rooms constructed: Before and including 1966 No.	%	1967-69 No.	%	1970-72 No.	%	1973-75 No.	%	1976-77 No.	%	Total[b] No.	%
Foreign	254	31.1	368	74.8	506	53.4	910	67.3	132	100.0	2,170	58.0
Expatriate	59	7.2	-	-	-	-	-	-	-	-	59	1.6
European	244	29.8	89	18.1	156	16.5	109	8.1	-	-	598	15.8
Indian	184	22.5	35	7.1	109	11.5	179	13.2	-	-	507	13.4
Fiji Public co.	48	5.9	-	-	149	15.7	150	11.1	-	-	347	9.3
Chinese	24	2.9	-	-	22	2.3	-	-	-	-	46	1.2
Fijian	5	0.06	-	-	5	0.05	5	0.03	-	-	15	0.04
Total	818	100.0	492	100.0	947	100.0	1,353	100.0	132	100.0	3,742	100.0

[a]There is no necessary correspondence between current ownership of accommodation units and the ownership of a unit when it is constructed. (Any uncertainty in this regard pertains to hotels built prior to 1969. Since that date, current ownership can be assumed to correspond with construction responsibility.)

[b]Excludes accommodation units for which construction dates are unknown.

Source: Field survey 1977.

that is, 62 per cent, or 2096, of the available rooms. Five foreign hotel chains[2] accounted for 1793 tourist rooms — 47.3 per cent of the total accommodation stock.

Table 4.2

Accommodation sector: accommodation types and rooms available, 1977

Accommodation type	Number of units	Number of rooms	Per cent of all rooms
Tourist accommodation:			
Resorts, hotels, beach apartments	44	3,211	84.7
Cottages	8	36	1.0
Hostels	2	27	<1.0
Subtotals	54	3,274	86.4
Accommodation primarily catering to tourists:			
Hotels	7	114	3.0
Accommodation primarily catering to locals:			
Hotels	11	190	5.0
Hostels	1	10	<0.1
Other types	13	154	4.0
Subtotals	25	354	9.3
Local accommodation:			
Various types	8	49	1.3
Total accommodation stock	94	3,791	100.0

Source: Field survey 1977.

There is now considerable variation in the quality and tariff rates offered by accommodation enterprises in Fiji. In the 1960s tourist hotels catered almost exclusively to high income tourists. In recent years there has been considerable expansion of medium cost accommodation to cater to the greatly expanded middle income tourist market. This has been supplemented by low cost budget rooms in cottages, lodges, apartments and hostels. The average cost for a twin bedroom was approximately $26 per night in 1978. This compared unfavourably with

[2]South Pacific Properties-Travelodge Hotels Ltd (Bahamas); The Tourist Corporation of Fiji Ltd (NZ); Fiji Resorts Ltd (USA); Cathay Hotels Ltd (Singapore); and Regent International Hotels Ltd (USA).

Hawaii, especially when the cost of food and other incidentals was considered, although at the time Fiji was competitive with hotels in the French Pacific Territories, Australia and New Zealand. While this expansion and diversification of accommodation plant enhanced Fiji's capacity to cater better for tourists, the country's development needs were not so readily met. This was partly a consequence of the downturn in tourist arrivals, and partly due to structural characteristics of the sector.

Accommodation sector stock and costs, 1968-78. Whereas between 1969 and 1973 there were insufficient rooms to meet tourist demands, after 1974 there was a simultaneous reduction in tourist arrivals and an increase in available accommodation capacity. Thirty-four per cent of all rooms available in 1978 were built between 1973 and 1977. Visitor arrivals dropped from 186,323 in 1973 to 161,707 two years later. They did not reach the 1973 level again until 1980. A situation of under-supply of accommodation changed to one of excess capacity. With drastically reduced liquidity flows, and the high fixed costs of keeping plant operational, many hotel proprietors found themselves in a precarious financial state. By 1975 one 80-room hotel at Nadi closed, a luxury resort under construction at Korolevu was declared bankrupt and the Fiji Government had spent $600,000 in cash grants under the Hotel Aids Ordinance to prevent several other hotels from going into liquidation. In 1977, one hotel chain and one other hotel company, together representing 430 rooms (11.3 per cent of total accommodation stock) sought overseas buyers for their enterprises. It was claimed that even at a high 70 per cent room occupany rate (compared with an average of 51.5 per cent in 1975) and an average eight-day stay by each tourist, existing accommodation could then cater for 250,000 visitors per year (Doyle 1977:5). While the cause of this over-supply situation was primarily due to the depressed state of the industry, a considerable degree of responsibility was attributed to hotel companies. Through the speculative building programs initiated by foreign capital, and the readiness of local enterprises to take advantage of what was seen as a highly profitable market situation prior to 1974, insufficient attention was given to longer-term co-ordination and planning.

The decline in visitor arrivals coincided with substantial increases in hotel fixed costs. Construction costs, services, food and beverages, hotel fittings, and other sundry expenses rose with Fiji's average annual inflation rate of 12 per cent between 1972 and 1975 (Table 4.3). Because hotels were unable to reduce the level of many of these inputs without seriously impairing the quality of service (and hence hotel reputations), management resorted to increasing hotel charges and reducing staff levels. The average nightly tariff on a twin room rose from $10.27 to $20.89 between 1967 and 1975. This was paralleled by increased hotel charges for food, liquor and other items. Hotel sector gross income increased from $17.6 million in 1973 to $30.6 million in 1976 (Bureau of Statistics 1973b, 1975, 1976b; Central Planning Office 1977, pers. comm.).

Table 4.3

Accommodation sector: cost increase of basic hotel inputs

(Base line = June 1972)

Cost index	1972	1973	1974	1975
Imported foods unit value	100	116.0	183.8	192.6
Building materials price index	100	110.5	149.5	177.0
Fiji consumer price index	100	112.3	134.8	155.5
Hotel basic award wage	100	134.6	152.6	165.2

Source: Bureau of Statistics (1976c, 1976e).

Hoteliers had enjoyed highly advantageous labour costs before 1973. Wages were low ($A0.30 to $A0.40 per hour) and every effort was made on the part of proprietors (especially Europeans) and government to keep them that way, either by direct refusal to meet wage increase claims. or concerted efforts to undermine unionization of the labour force.[3] At the same time full advantage was taken of the heavy demand for Fiji's tourist product. Tourist plant labour, along with other key sectors of the national work force, succeeded in obtaining a series of relatively substantial wage awards at the time when tourist numbers were falling. Rather than forgo the high returns on capital gained during the book years, proprietors increased their charges (*South Pacific Business News*, November 1976:13). They also shed employees wherever possible. When wage rates exceeded 50 cents per hour for the first time, hotels collaborated to launch an 'efficiency drive'. Using the rationalization that Fiji hotels were over-staffed compared with those overseas (a reflection of hoteliers' use of Fiji's low cost labour), a substantial number of employees were retrenched (*Fiji Times*, 23 February 1973). In addition a high proportion of the remaining labour force was transferred to part-time employment. It was found in 1975 that at least twelve of

[3]A hotel's labour force may be compulsorily unionized if 50 per cent or more of staff wish to join the Fiji Hotel and Caterers Employees' Union. In 1977, approximately 1500 hotel workers were union members — about two-thirds of all employees in hotels where unions are recognized. (Not all staff in a 'unionized' hotel in fact belong to unions since not all job categories come under the jurisdiction of the Fiji Hotel and Catering Employees' Union.)

the then forty-one tourist hotels were using labour on short working weeks and 30 per cent of tourist hotel staff were estimated to be under-employed (Varley 1978:57). Such practices were still in force in 1978, though to a lesser extent.[4]

While hotels have some flexibility in the number they employ, if staff levels fall below a critical threshold, declining quality of service results. Despite this, hotels after 1973 employed fewer staff. The steady reduction in staff numbers was a management response to declining visitor arrivals and rising wage costs (Table 4.4). The number of accommodation sector employees dropped between 1974 and 1977. Wage rates on the other hand increased by 34.2 per cent and salaries by 13.2 per cent following the 1973 wage agreement between the Fiji Hoteliers Association and the FHCEU. Overall there was a decline in the employee/room rate of approximately 30 per cent between 1973 and 1977. In general, then, accommodation sector employment was vulnerable to fluctuations in tourist arrivals. This indicated the dilemma facing many hotels. To retain profits hotels increased prices (to the point where charges of over-pricing were being voiced) and reduced staff/room ratios. This lowered the quality of hotel services. The accommodation sector was thus partially responsible for Fiji's declining competitiveness relative to other Pacific tourist destinations and, through the retrenchment of staff, reducing an important contribution to Fiji's development requirements.

Foreign tourism capital. Another structural feature of the accommodation sector, a heavy reliance on foreign capital, also undermined potential development benefits. Although it undoubtedly facilitated the expansion of accommodation plant it subjected Fiji to a series of undesirable problems. Since 1970 the information available points to the growing importance of foreign capital in the strategic sectors of the economy. Percentage increases in Gross Domestic Product (including the multiplier impact) attributable to foreign investment between 1969 and 1972 were as shown in Table 4.5.

Fiji's sixth development plan (1971-75) required that 72 per cent of planned investment came mainly from overseas private sources. This made it necessary for Fiji to 'retain and even improve upon its present "image" as a safe and desirable place

---

[4] An agreement between the Fiji Hoteliers Association and the Fiji Hotel and Catering Employees' Union (FHCEU) resulted in the cessation of short working week practices except for: (a) the Reef Hotel Resort and the Naviti Hotel Group, both of which were granted temporary exemption; and (b) hotels where labour is not unionized. In addition, hotels with 50 rooms or less could, with union agreement, have broken shifts, although no more than two shifts could be imposed on employees within a 13-hour period (President of FHCEU, 1977, pers. comm.).

Table 4.4

Accommodation sector: employment levels, 1969-77

Year	Average annual hotel salaries ($)	Average hourly hotel wage (¢)	Room occupancy (%)	Employees (at Dec. of each year)	Rooms available	Employee/ room ratio
1969	-	-	64	1,953	1,651	1.181
1970	-	-	-	2,330	1,958	1.189
1971	-	-	72	2,892	2,303	1.255
1972	2,688	37.5	68	3,299	2,525	1.306
1973	2,662	50.5	63	3,372	2,547	1.323
1974	3,197	59.6	62	3,559	3,047	1.169
1975	3,557	67.1	52	3,397	3,714	0.914
1977	3,628	81.6	49	3,223	3,791	0.850

Sources: Bureau of Statistics (1973b, 1975, 1976b, 1976c, 1977b).

Table 4.5

Increases in Gross Domestic Product due to foreign investment

Year	$
1969	48.7
1970	47.0
1971	61.2
1972	81.7

Source: Ali (1974:9)

for such investment' (Central Planning Office 1970:28-9). The seventh development plan (1976-80) envisaged 58.0 per cent or $163.5 million of a planned investment of $364 million would be from private foreign sources. An annual average inflow of private capital in the order of $32.7 million was assumed (Annear 1973:41; Central Planning Office 1975:30). With tourism's expanded contribution to export receipts[5] and the country's reliance on foreign investment, official policy towards tourism was one of 'ensuring the unlimited growth of the industry' (Central Planning Office 1970:182). Towards this end private sector tourism investment targets were set at $6.1 million in 1970, rising to $13.8 million in 1975 (Central Planning Office 1970:184). In the seventh plan, while no investment targets were specified,[6] the government stated its intention of 'ensuring that the conditions and climate for [tourism] remain favourable' (Central Planning Office 1975, 1970).

In both plans it was clear that government concern with tourism investment centred on the accommodation sector. This was because hotels were essential to a tourist's travel needs and were the most capital intensive component of the tourist product. As such they were unlikely to be provided from limited local private capital resources.

Before 1970 much private foreign investment went into real estate and various business services (Bureau of Statistics 1971, 1973c). On hindsight this appears to have been the precursor to substantial foreign hotel investment. Of $26.2 million of private foreign capital entering Fiji in 1972 for example, $15.4 million (58.7 per cent) went into tourism, mainly hotels. Of the remaining inflow $6.2 million went to manufacturing, $4.1 million into construction and $500,000 into land development (Minister of Finance: *Fiji Times*, 28 June 1973). This influx of foreign capital had four detrimental repercussions.

First was foreign speculation in Fiji's limited area of freehold land.[7] Between 1970 and 1973 $3.5 million of land purchases were made by foreign interests on Viti Levu, Taveuni and in the Mamanuca Islands (*Fiji Times*, 30 August 1973). Foreign control is now also held over the off-shore islands of Laucala Is. (near Taveuni), Naitauba Is. (in Lomaiviti), Namuka Is. and

---

[5]See Chapter 6, Table 6.1.

[6]This was an indication of government's increasing reservations over tourism as a development strategy. By not specifying investment targets the government would not be committed to a stated level of tourist industry growth, and hence financial commitment.

[7]Eight per cent (149,150 ha) of Fiji's land surface is freehold land.

Wakaya Is. (near Suva), Nailai Is. (near Nadi), and Kanacea Is. (near Vanua Balavu). A further 3900 ha was purchased by the South Pacific Properties-Travelodge Hotels group at Deuba[8] and Wakaya Is. No effective measures were taken after Independence to prevent land alienation or curb land speculation. In 1972 a Lands Sales Bill designed to impose a 35-50 per cent profit tax on land sales was defeated in parliament because it confronted issues at the heart of Fiji's development problems. It 'infringed native land rights by interfering with the Native Lands Trust Board's handling of leasehold dealings' (*Fiji Times* 1 September 1973), and threatened Fiji's reputation with foreign investors.

Second, foreigners came to occupy most top level management and directorship posts. In 85 per cent of foreign owned hotels (those for which data were available) 56.7 per cent of such positions were held by foreign citizens in 1976. While the government has stated its aim of facilitating localization in foreign hotels as rapidly as possible, there are but a few Fijians and Indians moving into top-level management posts (9.0 per cent of management). Instead local Europeans (holding 34.3 per cent of posts) were hired to comply with government policies. Since an estimated 10 per cent of hotel labour costs were paid to expatriates, Fiji loses the benefits of an important proportion of hotel turnover.

Third, one of the clearest examples of the political influence of Fiji's tourism lobby has been the provision by government of generous hotel investment incentives. The Hotel Aids Ordinance provides for: cash grants equivalent to 7 per cent of total hotel construction costs; a special depreciation allowance permitting hoteliers to declare as tax deductible the capital cost of new construction against profits over a 15-year period; and as an alternative to a cash grant, a sum equal to 55 per cent of capital expenditure may be written off against annual chargeable income tax until such time as the sum has been fully exhausted (Parliament of Fiji 1964). Between 1966 and 1975 these incentives cost the government \$715,449 in cash grant payments and \$13,750,000 from the 55 per cent investment allowance scheme. Of this \$14,460,000, 79.7 per cent was claimed by foreign controlled hotel companies and 20.3 per cent by local companies (Hotel Aids Ordinance files 1977).

There seems little doubt that these Ordinance provisions have been abused. Before 1974 hotels could claim tax deductions by writing off profits against subsequent stage(s) of company construction programs. To extend eligibility for tax deductions, some companies started a new development stage on existing plant

[8]The site of Pacific Hotels and Development Ltd's Pacific Harbour Resort, probably the largest tourist complex in the South Pacific.

when tax concessions were due to lapse.[9] Companies also falsified claims regarding their construction costs and tax claim eligibility.[10] One consequence of this has been that large hotel companies paid virtually no taxes (Annear 1973:48). In an attempt to rectify the situation, a Hotel Turnover Tax was introduced in 1973, though this generated only $400,000-$600,000 in tax revenue per annum.[11] Thus for a decade or more the Fiji Government subsidized foreign hotel investment for the sake of attracting foreign capital. This was in spite of the fact that hotel plant expansion would have proceeded without government assistance due to the high demand created by greatly increased tourist arrivals. The argument for incentives is further weakened when it is realized that Fiji's tax laws already permitted virtually unrestricted repatriation of profits and a comparatively low 33 per cent company tax rate complemented by various rebates (Ministry of Commerce, Industry and Co-operatives 1973).[12] Hotels Aids Ordinance provisions also led to hotel construction that had adverse repercussions for development planning.

> Although some HAO expenditure is recouped through indirect taxes, the financial tie up of many potential and established hotels with other overseas firms and activities has probably raised nominal initial capital costs as well as true operating profit margins. Furthermore hotels aid takes the form of capital grants which have a high import content ... These grants also encourage the initial installation of labour saving devices (M. Ward 1971:301).

This latter trend has been exacerbated since the decline in visitor arrivals after 1974. Hotels have reduced labour requirements by introducing mechanical liquor dispensers and buffet style meal services.

---

[9]Since 1974, Section 104 of the Fiji Income Tax Act prevented these practices by making each hotel development stage a 'new hotel' and hence taxable as a separate entity.

[10]Evidence of fraudulent claims was made available to the author by Ministry of Communications, Works and Tourism and the Ministry of Finance officials.

[11]This revenue was generated from a 3 per cent tax payable on hotel turnover. In a move to incite public (tourist) indignation against this tax, hoteliers directly and visibly passed the equivalent tax cost on to tourists by adding a tax cover charge to clients' accounts in their presence. The deliberate intention was to pass responsibility for higher hotel tariffs on to the government rather than to hotels, which had for years benefited from substantial government financial assistance.

[12]See M. Ward (1971:295-301) for comments on the implications of Fiji's new tax legislation provisions.

The fourth repercussion of foreign tourism investment relates to the activities of Japanese companies. Since 1972 there has been cautious and planned penetration into Fiji of several large Japanese industrial conglomerations. In 1975, for example, South Pacific Properties Ltd (Bahamas) appointed the Taisei Corporation to develop 2500 ha of freehold land at Pacific Harbour. One of Japan's largest construction firms, with over $2 billion of assets, Taisei is a 'world leader' in civil engineering, recreation plant, railway construction, land and harbour development and the provision of sewerage, hospital and education facilities (Pacific Hotels Development Ltd 1975:6). A second example is that of Todero (Fiji) Ltd which purchased the Mana Island Resort from Australian interests in 1976. Todero is a consortium of the Toyo Ocean Development and Engineering Co. Ltd, the giant Japanese steel and manufacturing company Nichimen Co. Ltd, and thirty other Japanese corporations (Native Land Trust Board files 1977). Fiji's tourist industry is seen by these corporations as a means of gaining entry into other sectors of Fiji's partially protected economy (Keith-Reid 1977:65).

But whatever the public costs, Fiji would not have a viable tourist industry without foreign investment. Overseas owned hotels provide most of the tourist accommodation, especially the more attractive resort complexes, and are noted for their high degree of service. Because of their ability to provide such facilities foreign hotel companies have come to dominate Fiji's accommodation sector.

Distribution of tourist accommodation receipts. The distribution of sector income is related to control of tourist accommodation. Foreign companies focused their investment on tourist hotel and resort complexes, as did Fiji Public companies, while other ownership categories were more involved in accommodation catering to a local clientele (Table 4.6). As a consequence foreign and expatriate interests controlled 59.6 per cent of all available rooms, 39.0 per cent of accommodation units and 31.3 per cent of companies (Table 4.7). Europeans owned 15.8 per cent of rooms, 27.0 per cent of units and 29.7 per cent of companies. By contrast, other private enterprises run by indigenes were responsible for only 14.6 per cent of rooms, 29.4 per cent of units, and 36 per cent of companies. On the basis of accommodation stock capacity foreign interests are the most important element in Fiji's accommodation sector. This is directly reflected in the distribution pattern of tourist purchases (Table 4.8). Foreign and expatriate companies accounted for 68.3 per cent of tourists purchasing accommodation, European companies 10.5 per cent and other private companies 10.4 per cent. The clientele of foreign, European and Fiji Public companies were overwhelmingly tourists. Nearly half of the clientele of Chinese and Fijian companies were locals, although overseas companies still accounted for 53.3 per cent of all local guests.

Table 4.6

Accommodation sector: accommodation types controlled by foreign and local enterprises, 1977[a]

Ownership category	Resort complexes[b]		Tourist hotels[c]		Local and tourist hotels		Beach houses and cottages		Others	
	No.	%	No.	%	No.	%	No.	%	No.	%
Foreign	12	66.7	11	47.8	-	-	2	18.2	2	13.3
Expatriate	-	-	1	4.3	1	5.6	2	18.2	2	13.3
European	4	22.2	3	13.0	6	33.3	6	54.5	4	26.7
Indian	-	-	5	21.7	9	50.0	1	9.0	4	26.7
Fiji Public co.	1	5.6	3	13.0	-	-	-	-	-	-
Chinese	-	-	-	-	2	11.1	-	-	1	6.6
Fijian	1	5.6	-	-	-	-	-	-	2	13.3
Total	18	100.0	23	100.0	18	100.0	11	100.0	15	100.0

[a]Excludes those accommodation units serving local clientele only.

[b]Tourist resorts are self-contained recreation and accommodation complexes.

[c]Tourist hotels are transit hotels catering for short-stay visitors.

Source: Field survey 1977.

Table 4.7

Accommodation sector: accommodation stock capacity and ownership categories, 1977

Ownership category	Number of rooms	Number of accommoda-tion units	Number of companies	Per cent of rooms	Per cent of accommoda-tion units	Per cent of companies	Average no. rooms per accommoda-tion units	Average no. rooms per company
Foreign	2,170	27	14	58.0	32.0	21.9	80.4	155.0
Expatriate	59	6	6	1.6	7.0	9.4	9.8	9.8
European	598	23	19	15.8	27.0	29.7	26.0	31.5
Indian	507	19	17	13.4	22.4	26.6	26.7	29.8
Fiji Public co.	347	4	2	9.3	4.7	3.1	87.0	173.5
Chinese	46	3	3	1.2	3.5	4.7	15.3	15.3
Fijian	15	3	3	0.04	3.5	4.7	5.0	5.0
Total	3,742	85	64	100.0	100.0	100.0	44.4	58.5

Source: Field survey 1977, estimates; Fiji Visitors' Bureau (1976).

Table 4.8

Accommodation sector: composition of guests accommodated by ownership categories, 1976

Ownership category	Guests accommodated: Total No.	Total %	Overseas No.	Overseas %	Local No.	Local %	Percentage of all guests: Total	Overseas	Local	Average no. of overseas guests per company
Foreign	505,174	100.0	468,734	92.8	36,440	7.2	66.6	68.2	51.7	33,481
Expatriate	6,245	100.0	5,085	81.4	1,160	18.6	0.08	0.07	1.6	848
European	81,966	100.0	72,187	88.1	9,779	11.9	10.8	10.5	13.9	3,799
Indian	84,877	100.0	68,656	80.9	16,221	19.1	11.2	10.0	23.0	4,039
Fiji Public co.	76,775	100.0	71,359	93.0	5,416	7.1	10.1	10.4	7.7	35,676
Chinese	2,680	100.0	1,359	50.7	1,321	49.3	0.04	0.02	1.9	453
Fijian	288	100.0	148	51.4	140	48.6	0.004	0.002	0.02	49
Total	758,005	100.0	687,528	90.7	70,477	9.3	100.0	100.0	100.0	10,742

Sources: Bureau of Statistics 1977, pers. comm.; field survey 1977, estimates.

The discrepancy between overseas and local companies in attracting tourists is partly a function of the type of accommodation provided. Large companies, with their financial resources, can provide the luxurious living environment tourists expect. On the other hand expatriate, many European, Indian, Fijian and Chinese companies are under-capitalized, operate inappropriate types and quality of accommodation (i.e. oriented to local clients and/or of poor quality), and have little experience in catering to tourist demands. With the exception of some European-owned hotels, foreign companies were the only ones having direct links to tourist market countries through their connections with travel agencies. This is indicative of organizational biases built into the tourist industry that selectively directs tourist flows to certain types of accommodation. With regard to tourist accommodation for example, a New Zealand hotel chain, operating its own travel agencies in New Zealand, directed New Zealand tourists into its own Fiji hotels. The same mechanisms operate at the other end of the scale with accommodation for locals. Indian owned boarding houses, hotels and apartments attract a relatively high proportion of Indian guests since they prefer a known and familiar environment with respect to language, food and social contacts. To some extent different types (and ownership categories) of accommodation have prescribed captive markets.

The advantages to large foreign companies of this structural process become apparent in a depressed tourist market (Table 4.9). Between 1974 and 1976 tourist accommodation generally suffered a 24.3 per cent decline in room occupancy rates whereas business for local accommodation units remained stable. Foreign companies, however, lost considerably fewer clients (14.2 per cent) than locally owned tourist accommodation (30.3 per cent). This reflected the quality of accommodation and services being provided by foreign owned hotels and the fact that they have links to metropolitan countries, extensive financial resources and managerial foresight to ensure that their tourist product is well promoted. Enterprises without these advantages were unable to attract tourists to their plant with the same success.

As one would expect, it was the larger hotels in general, and foreign-owned hotels in particular, which were able to generate substantial incomes from tourist accommodation expenditures by controlling most plant capacity and retaining clients in times of depressed market conditions (Table 4.10). The 31.3 per cent of companies owned overseas were responsible for 65.6 per cent of total sector turnover. European interests controlling 39.7 per cent of companies obtained 15.8 per cent of sector turnover. Indian, Chinese, Fijian and public interests controlled 39.1 per cent of companies and gained 18.6 per cent of turnover. The participation of Fijians, and their financial returns, were negligible. The size of the three Fijian enterprises averaged only five rooms: two were simply conventional houses. Management expertise was of an amateur standard and virtually no market promotion was undertaken. Only the Fiji Public companies provided significant Fijian involvement in the accommodation sector. Management control of these companies was in the hands of Fijians although many shares were held by Indian and European interests. But despite operating 9.3 per cent of all rooms and accommodating 10 per cent of all guests, these hotels generated only 5.5 per cent of sector turnover. This resulted from poor management, lack of market promotion, and the opening of plant during depressed market conditions. In addition, three of the four hotels concerned served transit tourists and hence were unable to generate income from the type of recreational activities found at resort hotels.

Table 4.9

Accommodation sector: room occupancy rates for accommodation types and ownership categories, 1974-76 (percentages)

Accommodation type	1974	1975	1976	Percentage change
Tourist and local accommodation units:[a]				
Hotels with 30 rooms and over	64.1	53.1	50.1	-20.9
Units with fewer than 30 rooms	39.7	34.5	30.9	-22.2
Tourist oriented accommodation	67.0	53.3	50.7	-24.3
Local client oriented accommodation	20.6	18.8	20.9	1.4
Tourist accommodation only:[b]				
Foreign controlled hotels	71.2	65.3	61.1	-14.2
Locally controlled accommodation	71.7	57.8	50.0	-30.3

[a] Data from a sample of 41 accommodation units — 40 per cent of all units.

[b] Data from a sample of 14 hotels, that is, 34 per cent of total sector, and 32 per cent of tourist hotels located in Viti Levu. This spatial restriction is necessary to exclude the influence of the critical problem of access/isolation encountered by accommodation units located on other islands.

Source: Field survey 1977, estimates.

Table 4.10

Accommodation sector: turnover by ownership categories, 1976

Ownership category	Gross turnover ($)	Percentage of turn-over	Average income per accommoda-tion unit ($)	Average income per company ($)
Foreign	19,745,617	64.5	731,319	1,410,401
Expatriate	348,697	1.1	58,116	58,116
European	4,854,951[a]	15.8	211,085	255,524
Indian	3,415,654	11.2	179,771	200,920
Fiji Public co.	1,679,364	5.5	419,841	839,682
Chinese	589,380[a]	1.9	196,460	196,460
Fijian	13,000	0.04	4,333	4,333
Total	30,646,663	100.0	360,549	478,854

[a]These two categories of enterprises derive a high proportion of their annual turnover from liquor and restaurant sales to local clientele.

Source: Bureau of Statistics 1977, pers. comm; field survey 1977, estimates.

While overseas companies are the most important ownership category, hotel chains are the most important organizational form (Table 4.11). They controlled 65.2 per cent of all rooms and were responsible for 58.3 per cent of sector income. Of foreign company activity, hotel chains accounted for 66.7 per cent of hotels, 80.5 per cent of rooms, and 64.1 per cent of turnover. In other words, most foreign investment in Fiji accommodation is in the form of multinational companies. Hotel chains also dominated the European and Public company subsectors.

The necessity for Fiji to rely on overseas capital and expertise has led to the clear domination of this sector by foreign interests. This has been achieved through the ownership of the greater proportion of hotel room capacity. Data on the accommodation industry also point to the fact that such structural characteristics create disparities in the income generating capacities between racial groups similar to that found in other sectors of the Fiji economy. Given the political importance attached to Fijian participation in commerce, it is pertinent to evaluate alternative economic opportunities open to Fijians within the accommodation sector.

Table 4.11

Accommodation sector: the extent of hotel chain involvement, 1976

Hotel chain characteristics	Foreign controlled companies	European controlled companies	Indian controlled companies	Fiji Public companies	All hotel chain companies
Number of hotel chain companies	5	2	1	1	9
Number of hotels	18	6	3	3	30
Number of hotel rooms	1,747	259	165	299	2,470
Per cent of hotel units	21.2	7.1	3.5	3.5	35.3
Per cent of hotel rooms	46.1	6.8	4.4	7.9	65.2
Per cent of ownership category hotels	66.7	26.1	15.8	75.0	-
Per cent of ownership category hotel rooms	80.5	43.3	32.5	86.2	-
Per cent of ownership category turnover	64.1	56.9	27.5	89.1	-
Percentage of total accommodation sector turnover	41.3	9.0	3.1	4.9	58.3

<u>Source</u>: Bureau of Statistics 1977, pers. comm.; field survey 1977, estimates.

Fijian participation in the accommodation sector. Apart from the redistribution of tourism revenues by government, there are two other avenues whereby tourist accommodation receipts accrue to Fijians: hotel wage employment and rent monies from the lease of native lands. Hotel wage employment is the principal source of income for Fijians involved in tourism. Over $3.8 million in wages was received by 1978 Fijian employees in 1976 (Table 4.12). Nevertheless, some qualifications need to be made. The average Fijian wage was substantially less than the average Indian wage and far below salaries enjoyed by expatriates and Europeans. Comprising 62.2 per cent of the sector workforce, Fijians received 55.3 per cent of total employee remuneration. This paralleled national patterns elsewhere in the economy. In 1973 average incomes were $4133 for Europeans and part-Europeans, $2175 for Indians and $1712 for Fijians (Bureau of Statistics 1976d:51). These differentials are commonly explained with reference to the educational and technical skills possessed by each group. While this reasoning is applicable to the accommodation sector there are additional factors involved. It is common practice for hotel management to allocate occupations on the basis of race (Table 4.13). In Coral Coast hotels 37.8 per cent of management and administrative positions were held by Europeans and expatriates — and these were the most senior posts. Indians held most middle management and administrative posts and 83 per cent of indirect client services occupations.[13] Fijians, on the other hand, while holding few management posts, constituted 91.5 per cent of employees holding 'direct client services' positions. This racial distribution of occupations is also found in Nadi hotels, indicating the practice is generalized throughout the industry.

---

[13] Occupational categories are comprised as follows:

(a) Management and administration: includes accountants and decision-making management occupations.

(b) Entertainment: musical band members.

(c) Plant maintenance: porters, security guards, gardeners, labourers, mechanics, electricians, painters, carpenters.

(d) Indirect client services: storemen, laundry staff, switchboard operators, cooks and kitchen staff.

(e) Direct client services: reservation clerks, receptionists, tour desk clerks, tour and entertainment guides, restaurant staff, bartenders and staff, and housemaids.

N.B. Porters are included in plant maintenance category to match with Samy's (1975:214) amalgamation of data on porters with security guards.

Table 4.12

Accommodation sector: incomes of wage and salary earners, 1976

Employee category	Number of employees	Per cent of total employees	Average income per employee $	Total group share of income	Per cent group share of income
Expatriates and European Fiji citizens	94	3.0	7,000	658,000	9.5
Indian	984	30.9	2,240	2,204,160	32.0
Fijian	1,978	62.2	1,926	3,809,628	55.3
Others	124	3.9	1,763	218,612	3.2
Total	3,180	100.0	2,155	6,890,400	100.0

Source: Bureau of Statistics (1977b); field survey 1977, estimates. See Appendix 5.

Table 4.13

Accommodation sector: case studies of distribution of hotel occupations by race[a]

Occupational category	(a) 1977[b] Coral Coast Hotels					(b) 1973[c] Nadi Hotel				
	No. of employees	Racial category (%)				No. of employees	Racial category (%)			
		European	Fijian	Indian	Others		European	Fijian	Indian	Others
Managerial and administration	8	37.8	12.5	50.0	-	21	38.0	9.5	38.0	9.5
Entertainment	8	-	100.0	-	-	5	-	80.0	20.0	-
Plant maintenance	19	-	52.6	42.1	5.2	107	-	33.7	62.6	3.7
Indirect client services	18	-	16.7	83.3	-	85	2.4	42.4	50.6	4.8
Direct client services	47	-	91.5	6.4	-	178	2.8	88.2	6.8	2.3
Total employees	100	3	66	30	1	396	15	235	135	11
Percentage of employees	100.0	3.0	66.0	30.0	1.0	100.0	3.8	59.3	34.0	2.8

[a]Differences in trends shown y 4.12 and 4.13 can largely be explained by the variation in size (complexity) of the hotels used as case studies.

[b]Field survey 1977; 33.3 (2) of Korolevu, Korotogo, Sigatoka, Cuvu (Coral Coast) hotels. See Appendix 5.

[c]Adapted from Samy (1975:214). Survey is based on the largest hotel in the Nadi area.

The racial division of occupations reflects management sterotypes of Fijians and Indians and the role each plays in the accommodation sectors' tourist product. Fijians are assumed to be 'by nature' better disposed to conduct those personal services that enhance the well-being of hotel guests: they are deemed to have a natural willingness to be happy, courteous, obedient, personable and 'more willing' to wait upon tourists. These qualities coupled with their physical attractiveness have enabled Fijians to become an integral part of the sector's tourist product by contributing to the tourist's living environment and preconceptions regarding Pacific island indigenes (cf. Samy 1975:212). Indians, with their greater experience in commerce and higher educational qualifications, are considered more suitable for administrative and technical occupations. It is believed that their 'surly' dispositions and slighter physiques make them less suitable for other positions. As a consequence Indians occupy jobs requiring little contact with tourists (indirect client services) whereas Fijians are deliberately hired to fill positions which do require face to face contact (direct client services). Numerically Fijians are clearly the major beneficiaries of hotel wage-earning opportunities, but like Indians, they incur the cost of a disparaged racial identity.

The benefits derived from leasing native land to hotels are of quite a different order of magnitude. Since 1970 the Native Lands Trust Board (NLTB) has encouraged leasing as a means of capital accumulation for Fijians (Nayacakalau 1970). Up to 1972 little attention was given to tourism leases despite the fact that several hotels enjoyed advantageous contract arrangements. In 1973 contracts were redrawn so as to remove the inadequacies of earlier leasing procedures.[14] Before this date NLTB staff had

---

[14]Included among the revised contract clauses were the following provisions:

(a) Leases to be for 60 years. Rental will be reassessed in the 10th year and thereafter every 5 years, subject to arbitration in cases of dispute.

(b) That in lieu of a premium, share participation by native owners, consisting of 10 per cent of the paid up capital, issued free and at least one seat on the Board of Directors for the representation of the landowner's interests.

(c) Rental during the first four-year development period should be $300 per acre and thereafter the rents shall be 3 per cent of the gross receipts from all operations within the project area provided that the rentals shall not fall below 10 per cent of the unimproved capital value of the land ...

(d) The lessee will give first preference to the native owners for all staff posts or other types of employment in connection with the hotel resort ... (NLTB 1973).

insufficient expertise to negotiate more favourable leasing arrangements. Hotels understated their gross incomes (reducing rental obligations) or simply took advantage of insufficiently rigorous leasing guidelines. This is made clear from 1975 information on the twenty-one hotels occupying native lands. They paid $68,815 rental on the 256 ha leased or an average of $268.80 per ha per annum (NLTB files 1977, pers. comm.). This total revenue disguised the highly advantageous nature of the old leasing arrangements. As of December 1976, only six of the twenty-one hotels were contracted under the new lease arrangements. These hotels occupied 93 ha (36.2 per cent of leased area) yet paid $56,653 in rent. In other words, 28.5 per cent of the hotels leasing native land paid 82.3 per cent of all rentals, an average of $607 per ha per annum. The remaining fifteen hotels (71.5 per cent) contracted under old leases paid 16.7 per cent of rental monies for 63.8 per cent (163 ha) of leased land, an average of only $76 per ha per annum. Such small rental payments do not represent an important means of capital accumulation for Fijians.

The usefulness of these rent monies is reduced further by the pattern of their distribution. Confining the analysis to rent accruing from post-1973 leasing contracts, 539 *mataqali* members shared $56,653; an average of $105.10 per head. This income was distributed as follows: $14,163 to the NLTB (25 per cent); $16,995 to the fourteen individuals (generously) assumed to hold the positions of *Turaga ni Taukei, Turaga ni Yavusa,* and *Turaga ni Mataqali* (30 per cent); and $25,494 to the 525 *mataqali* commoners (45 per cent).[15] Such a distribution of native land rental monies exacerbates class antagonisms within the Fijian community (Bolabola 1978:156). Those individuals in positions of responsibility received an income of $1214 each while other *mataqali* members received $48.60 each. With the most common allocation of rent monies being on a per capita or per family basis[16] it can be seen how inadequate land leases are as a means

[15]This system of payments is designed to compensate chiefs for the loss of powers after the reorganization of the native land tenure system in 1944. Usually the leaders of the *Vanua, Yavusa* and *Mataqali* have a common ancestor and under certain circumstances responsibility for these three positions may be vested in only one or two individuals. It is assumed that chiefs will use at least part of this income for social obligations benefiting other *mataqali* members. Such leaders have only a life claim on rental monies and, as such, rental incomes cannot be used to pay off debts left by the deceased or inherited by others.

[16]Rent monies are channelled through the NLTB with the *mataqali* share being paid to a *mataqali* member or elected representative. This agent is responsible for the monies while land owners decide on the distribution of the income. Uses to which rent monies

(Footnote 16 continues on next page)

of providing Fijians with social infrastructure and capital for commercial ventures (cf. NLTB 1976).

In summary it is evident that the internal organization and structure of the accommodation sector exacerbates two problems already of great concern to Fiji. Hotels provide one more avenue through which foreign capital can extend and consolidate its pre-eminence in the Fiji economy. And just as income derived from the ownership of accommodation plant accentuates inter-racial and inter-class inequalities, so the distribution of hotel wage remuneration and hotel rent monies has a similar effect. The accommodation sector, however, is not unique in these respects, as the following analysis of the travel and tour sector demonstrates.

Footnote 16 continued

are put are decided at a meeting of *mataqali* members. Common means of income allocation are as follows:

(i) Distribution on a family basis, that is, in equal share to all family units which comprise the land-owning *mataqali*.

(ii) Distribution on a per capita basis.

(iii) As for both the above, with possible additional allocation of monies to women who have married outside the *mataqali*.

(iv) A differential allocation on the basis of each family's or member's contribution to the daily activities of the *mataqali* and contributions to group projects and work commitments. For example, members living away from *mataqali* land in towns will receive a reduced per capita/family share of rental income

(v) Allocation of lump sums for communal *mataqali* projects.

(vi) The accumulation of rent monies (or part of) over a series of years for the purposes of creating more substantial capital resources for either communal or individual needs. Common among such longer-term goals are financing children's education, village construction projects or the purchase of fishing or transport equipment.

(vii) Finally, an alternative encouraged by the NLTB, the re-investment of rental capital back into the hotel (leasing the *mataqali* land) in the form of additional share purchases.

Irrespective of the inherent advantages of allocating income to these last three communal development oriented goals, by far the greater proportion of *mataqali* allocate rent monies on a family or individual basis.

The travel and tour sector[17]

The decline in tourist arrivals led to a contraction of travel and tour product purchases. This in turn resulted in a reduction in the number of travel and tour enterprises. Some Australian companies (heavily involved in other sectors of the Fiji economy) divested themselves of their inbound retail travel agency subsidiaries and one New Zealand company transferred its Fiji inbound travel agency service to New Zealand. Several other scenic land tours, sea cruise and hirecar companies have ceased operations in recent years. By 1977 there were forty-three enterprises with eighty-seven retail outlets (excluding hotel tour desks). These consisted of: nine retail travel agents (inbound wholesale travel, general airline sales agents, shipping line shore agents, retail boooking outlets, and wholesale and retail tour co-ordination and tour operation); eleven tour operators and tourist attractions (scenic, shopping, village and air tours, tour guide services, and cultural entertainment attractions); nine ground transport operators (touring coaches, rental, hire and chauffeur-driven cars and general transport charter operations); and fourteen cruise boat operators (reef, sea, inter-island, deep sea fishing cruises, underwater diving cruises and yacht charter companies).

These components of the tour and travel sector integrate with each other to provide a wide variety of tourist services. Tour co-ordinators, for example, will contract firms from each of the other subsectors into tour packages. Similarly tour operators or cruise boat companies will charter vehicles from ground transport companies or tour co-ordinators. This multi-faceted nature of tour and travel enterprises does not detract from their distinct functions or characteristics. Retail travel agencies and tour co-ordinators are engaged in the most complex of sector activities: the organization and creation of tour packages. This entails the negotiation of contracts with local tour operators, hotels and overseas travel agencies. They also co-ordinate inbound tourists on packaged tours, retail the services of other tour and accommodation companies, and run their own tours. Consequently travel agencies place high priority on staff managerial skills, and personal knowledge of the tourist products they sell as well as the dynamics of the tourist industry as a whole. Tour, tourist attraction, and cruise boat companies,

---

[17] See Appendix 2 for details of survey methodology. Coverage here excludes (a) outbound travel agency activities, that is the sale of airline, accommodation and tour services for non-Fiji destinations; (b) taxi operators and domestic bus companies, that is travel services which derive a high proportion of their clientele from Fiji residents; and (c) hotel operated tour desks and hotel located tour desks run by airlines or outbound travel agencies.

by contrast, focus on their own specific tourist product. Typically they are reliant on transportation since by definition they provide tourists with the means of travelling within Fiji. Whereas travel agencies are usually components of larger corporations, the various types of tour companies tend to be run as family or co-operative enterprises. Travel agencies of necessity have direct contact with metropolitan tourist markets and are responsible for programing tourists through the various stages of their itineraries. Tour and tourist attraction operators, conversely, are reliant on the travel agencies to direct tourists to them (by being contracted into a tour package), or on tourists independently purchasing their tourist products once they have landed in Fiji.

Ground transport companies provide bus and car rental, hire or charter services to tourists, tour co-ordinators or other tour operators. Unlike smaller tour operators, they often have organizational links with market countries and other tourist destinations. Cruise boat companies combine the services of both tour operators and ground transport firms. While providing seaborne 'water taxis' to off-shore island resorts, tours are sold to tourists independently or contracted to tour co-ordinators. Cruise operators are a vital link between island hotel plant and travel agencies and tour co-ordinators.

It is possible to identify three key structural differences between these groups. The first relates to function. Companies may be divided between those essential for tourists (travel between airports and hotels or one hotel and another), and those which provide services peripheral to essential tourist movements (additional recreational travel activities). Retail travel agents (who are also tour co-ordinators), ground transport companies and 'water taxi' services belong to the former category, while tour operators, tourist attraction operators and cruise tours belong to the latter group. Enterprises can also be differentiated between those responsible for the co-ordination of tourist movements (to and within Fiji) and those which simply provide tourists to visit local attractions. The former include travel agents (tour co-ordinators) and larger ground transport companies directly linked via extensive communication and ownership networks to overseas branches, hotels and airlines. Tour operators, cruise boat companies, and smaller ground transport companies on the other hand, are concerned solely with the movement of tourists already landed in Fiji.

The other characteristic is the widely divergent operational requirements of the various subsectors. As noted, companies responsible for the organization of tourist travel movements are highly dependent on specific personnel skills and communication networks. Other subsectors, by contrast, place priority on vehicle fleets and large financial inputs (Table 4.14). Retail travel agencies (tour co-ordinators) rely on rented office space,

Table 4.14

Travel and tour sector: value of plant and equipment, 1976

Subsector	Number of firms[a]	Average value of plant per firm ($)	Value of plant of all firms ($)	Percentage value of plant	Total number of vehicles	Percentage of all vehicles
Retail travel agents	6	50,000	300,000	3.1	22	3.8
Tour companies	7	48,570	340,200	3.5	13	2.2
Ground transport companies	9	337,780	3,040,000	31.5	505	87.1
Cruise boat companies	9	662,220	5,960,000	61.8	40	6.9
Total	31	310,974	9,640,200	100.0	580	100.0

[a] Data relate only to firms surveyed and those where survey question was applicable.

Source: Field survey 1977.

chartered vehicles and rented communications equipment, and so have relatively small fixed capital investments except for the purchase of transport units used in their own tour packages. The principal capital outlay for other activities is on transport fleets. For small tour companies the average value of plant and equipment is relatively low. Tourist attraction companies, by definition operating on a permanent site, do not invest in their own transport fleets. Instead, vehicles are chartered from other companies, or tourists (on tour packages) are provided by tour co-ordinators and tour operators. Ground transport companies, of course, are totally dependent on their transport fleets: 87 per cent of vehicles were operated by this subsector. Cruise boat operators, while running few transport units, incur substantial capital outlays in the purchase of sea-going vessels and servicing equipment. Hence cruise boat companies owned 6.9 per cent of all transport units while being responsible for 61.8 per cent of capital invested in plant and equipment.

These structural features have important repercussions in determining the share of business generated by each subsector (Table 4.15). There is relative uniformity between groups regarding the number of tourist clients served, although the two-fold function of cruise companies and undoubted tourist appeal of sea tours resulted in the 37.5 per cent market share enjoyed by this group. What is important in this context, however, is the different cost of the respective services offered. Retail travel agencies (tour co-ordinators) typically sell a tour package which incorporates activities for the tourist's entire length of stay in Fiji. Tour and tourist attraction companies sell tourists just a single, relatively low cost commodity.[18] Ground transport enterprises vary between coach companies offering tours or inter-hotel transfer services, and rental car companies sold a four to five day service at an average client cost of $75 — a service incorporating customer convenience with a high level of company risk and maintenance costs.[19] Cruise boat companies needing to cover the costs of substantial capital outlays and maintenance costs provide a relatively inexpensive product because of the large volume of clients using their water taxi services and the carrying capacity of their vessels. (It should be noted in this context that most tourists spent $10-$15 on cruise excursions and water taxi services although clients chartering yachts incurred expenses in excess of $1000 per person.)

---

[18]Except extended cruises which incorporate an overnight accommodation service.

[19]A spokesman for Avis Rent-a-Car Ltd stated that car maintenance costs were 50-70 per cent higher in Fiji than in most of the other 110 countries Avis conducted business. This was due to poor local road conditions and the lack of vehicle servicing expertise.

Table 4.15

Travel and tour sector: number of clients served, 1976

Subsector	No. of firms	Av. no. of clients per firm	Total no. of clients per subsector	% of total sector clients	Av. expenditure per client ($)
Retail travel agents	9	7,628	68,650	22.2	122.0
Tour companies	11	6,530	71,833	23.2	8.5
Ground transport companies	9	5,839	52,550	17.0	40.1
Cruise boat companies	14	8,285	115,960	37.5	23.3
Total	43	7,186	308,993	100.0	44.7

Source: Field survey 1977, estimates.

Distribution of travel and tour sector receipts. The pattern of income distribution in the tour and travel sector is a function of three variables: the degree of involvement in co-ordinating tourist movements, the costs of providing particular types of services, and the volume of tourists served (Table 4.16). Retail travel agencies (tour co-ordinators) were the most important single subsector with a 60.7 per cent share of sector income reflecting their pivotal position in the structuring of tourist movements. Conversely, the limited services offered by tour and tourist attraction operators was behind their small 4.5 per cent of sector turnover. These variables also underly the allocation of income between ownership groups, and the capacity of various racial groups to participate in this sector. Foreign companies accounted for nearly 60 per cent of gross receipts and European and expatriate firms 36.0 per cent. The remaining 4.3 per cent was shared between Indians, Fijians and others (Table 4.17).

Foreign involvement derived from the extension of Australian, New Zealand and United Kingdom wholesale travel agencies into Fiji. Having local branch outlets gives them co-ordination and control over tourist activities at home and in destination countries. A similar process occurred within the ground transport group with foreign transport operators investing heavily in car and mini-bus fleets. Several of these companies are subsidiaries of metropolitan tour wholesalers. All told, in 1977 overseas interests centred around two-thirds of Fiji's retail travel agency (tour co-ordination) companies, nearly half of the ground transport companies, and one-quarter of cruise boat operations (Table 4.18).

Table 4.16

Travel and tour sector: gross turnover by subsectors, 1977

Subsector	Number of firms	Average turnover per firm	Total turn-over per subsector	Percentage of sector turnover
Retail travel agents	9	929,976	8,369,780	60.7
Tour companies	11	56,182	618,000	4.5
Ground transport companies	9	234,000	2,106,000	19.5
Cruise boat companies	14	192,545	2,695,625	19.5
Total	43	320,684	13,789,405	100.0

Source: Field survey 1977, estimates.

Table 4.17

Travel and tour sector: gross turnover by ownership categories, 1977 (dollars)

Ownership category	No. of firms	Average turnover per firm	Total category turnover	Percentage of sector turnover
Foreign	14	588,580	8,240,125	59.6
Expatriate	1	110,000	110,000	0.8
European	15	323,385	4,850,780	35.2
Indian	50	76,300	381,500	2.8
Fijian	6	11,167	67,000	0.5
Other	2	70,000	140,000	1.0
Total	43	320,684	13,789,405	100.0

Source: Field survey 1977, estimates.

European participation focused on travel agency, tour co-ordination and cruise boat operations.[20] Indian involvement

[20]The data on the European presence in the retail travel agency (tour co-ordination) subsector are somewhat deceptive. Only one of the two companies was of any national consequence — the other

(Footnote 20 continues on next page)

was largely confined to ground transport companies, and Fijians were restricted to tour and tourist attraction enterprises.

The dominant position of overseas and European firms was based on their involvement in those activities through which tourist movements were co-ordinated and directed. The explanation for the selective and restrictive Fijian participation lies in their limited business experience, inadequate capital and lack of contact with those European and foreign companies controlling marketing networks. Fijian entrepreneurs were confined to six small, family run, undercapitalized scenic land tours and display villages. Poor management and the low quality of product presentation, in conjunction with the provision of low cost services, meant that the average expenditure on Fijian tourist services was only $6.60 per head from an average of 1689 clients per enterprise.[21]

By comparison, Indian companies were supported by sufficient capital and adequate marketing linkages, and concentrated on high tariff products. Even though they serviced fewer tourists, Indian proprietors gained a share of sector turnover five

---

Footnote 20 continued

being a small firm based on a series of hotel tour desks. The larger company was the second largest of its type in Fiji. The company's director exhibited considerable entrepreneurial skill between the late 1940s and up to 1970 in embarking on a tourist resort project and ultimately establishing an internationally based travel agency, tour co-ordination functions, and ground transport operations. After control of this company was sold to a Hong Kong firm, subsidiaries of the original firm were then repurchased in 1971 after the new owners mismanaged the enterprise. What is illuminating about this local company is that its operations have three critical inputs: (a) Its management staff have, since the company's inception, a long and extensive experience in most facets of local and international tourism. (b) The company retained its overseas travel agency functions. In spite of the fact that its Australian outlet represented an initial $150,000 capital investment, and its annual operating budget drained company resources, it ensured that vital flow of clients to the company's Fiji plant. (c) The company retained its ground transport subsidiary. Without these three sets of linkages it is doubtful that the parent company could retain its present eminent position as one of Fiji's leading tourism enterprises.

[21]Those Fijian entrepreneurs availing themselves of opportunities within the travel and tour sector invariably had a background in the Fiji Civil Service or military. Only two individuals had previous experience as wage earners in a tourism enterprise, and none had experience managing such an enterprise (field survey 1977).

Table 4.18

Travel and tour sector: distribution of sector enterprises, 1977

Ownership category	Number of firms	Retail travel agents	Tour/ tourist attraction co's.	Ground-transport co's.	Cruise boat co's.	Number of retail outlets
Foreign	14	6	1	4	3	35
Expatriate	1	–	1	–	–	1
European	15	2[a]	2	1	10	32
Indian	5	–	–	4	1	11
Fijian	6	–	6	–	–	6
Other	2	1[a]	1	–	–	2
Total	43	9	11	9	14	87

Ownership category	% all outlets	Number clients per firm 1976	Clients per category 1976	% of total sector clients 1976	Average expenditure per client ($) 1976
Foreign	40.2	10,535	147,500	47.7	55.9
Expatriate	1.1	18,200	18,200	5.9	6.0
European	36.8	7,903	118,550	38.4	40.9
Indian	12.6	1,122	5,610	1.8	68.0
Fijian	6.9	1,689	10,133	3.3	6.6
Other	2.3	4,500	9,000	2.9	11.1
Total	100.0	7,186	308,993	100.0	44.7

[a]Two out of these three firms have their operations restricted to hotel tour desks.

Source: Field survey 1977.

times that of Fijian enterprises. Their principal means of achieving this was through car rental firms. This follows the historical involvement of Indians in the Fiji transport sector and their traditional commercial inclinations.[22] By amalgamating

[22]Indian enterprises have virtually sole responsibility for Fiji's domestic taxi, bus and commercial transport sector.

with overseas companies, Indian entrepreneurs formed a series of partnerships giving them licence to operate under internationally known trade names.

The different involvement by ownership groups is summarized by their respective capital investments and access to transport. Extensive investment by foreign and European companies reflects their ownership of transport capacity and hence control over tourist flows (Table 4.19). Foreign companies invested heavily in transport units as their control over 73.3 per cent of all vehicles indicates. One trans-national company had a monopoly of coach seating capacity on the Nadi-Suva tourist road routes and inter-hotel tourist transfers. Foreign rental car firms held a similar commanding position by operating as independent enterprises in partnership with local companies (Tasman and Mutual from New Zealand) or with other foreign interests (Avis, Hertz and Kays from Australia). Avis Rent-a-Car Ltd, for example, owned approximately 40 per cent of all rental cars operated in Fiji in 1977. Of the 109 transport units owned by Indian companies, more than 40 per cent were owned by enterprises with foreign shareholdings. Particularly conspicuous was the extreme vulnerability of Fijian enterprises. With one firm owning one mini-bus, Fijians were overwhelmingly reliant on foreign and European companies for their tourist clientele.

There were other equally significant distribution patterns. For both ownership and subsector categories the largest 20 per cent of firms accounted for more than 50 per cent of receipts in all but two cases (Table 4.20). Of all firms in this sector, nine accounted for $11,830,000 or 85.8 per cent of gross turnover. The other 80 per cent of firms shared the remaining 14.2 per cent of sector income. This pattern is directly comparable with the dominance of hotel chain companies in the accommodation sector.

Again paralleling the accommodation sector, the main avenue for indigenous participation was as wage earners (Table 4.21). Fijians constituted 52.8 per cent of sector full-time employees and Indians 31.8 per cent. There was also some racial specialization of employment occupations. Travel agency (tour co-ordinator) enterprises relied heavily on the skills of Europeans, Indians, Polynesians and Chinese.[23] In a reversal of

---

[23]On the issue of why Fijians as a group are under-represented as both employers and employees in the travel agency/tour co-ordination subsector, one of Fiji's largest travel agency directors offered the following reasons:

> Because of high capital requirements (at least $20,000 in the first year of operation) it is almost impossible for

(Footnote 23 continues on page 96)

this pattern, tour and tourist attraction companies, with many of their operations centring around Fijian culture, employed mostly Fijians. Given the proviso that Fijians have been historically involved with sea transport activities, proprietors of tour companies, like their hotel counterparts, put Fijians in occupations requiring direct contact with tourists, such as tour guides and cruise-ship crews — irrespective of the efficient allocation of employees' other skills. Ground transport companies, on the other hand, had a clear preference for Indian labour, with 78.9 per cent of full-time employees coming from this ethnic group. This was indicative of the assumed higher level of aptitude of Indians in driving, mechanical repair, and administrative skills. With regard to part-time employees nearly 84 per cent were Fijians, which was indicative of the lack of specific skills held by this group. Part-time jobs requiring unskilled labour and direct interaction with tourists were usually filled by Fjiians.[24]

Such patterns of occupational specialization were closely associated with the ethnicity of company proprietors (Table 4.22). European firms preferred Fijian labour, Indian employers preferred Indian labour, and Fijian employees Fijian labour. Overall, employment specialization is a consequence of the different skills held by different racial groups and the racial predisposition of employers. It also appears that Fijians are an integral part of some sector tourist products.[25]

Footnote 23 continued

locals [Fijians] to break into the travel industry — particularly when lack of critical experience is also considered. This is aggravated by the tendency of locals employed in the industry to show (a) an incapacity to accept the long periods necessary at a job to gain adequate competence and experience and, (b) a general inability and unwillingness to accept responsibility. Therefore, by default as much as any other reason, managerial and administrative positions are occupied by foreigners, Europeans and Indians (President, Society of Fijian Travel Agents, 1977, pers. comm.).

[24]Most part-time employees are required by cruise boat companies to cope with seasonal peaks in tourist demand.

[25]One of the most successful tourist attractions currently operating in Fiji is a model display village located immediately west of Suva. The project originated from an attempt by some Fijians on the Rewa delta to set up a village tourist attraction by ferrying in tourists on motorized punts across the Rewa River from Suva. After initial success it became clear that income

(Footnote 25 continues on next page)

Conclusion

Two generalizations can be made about the primary tourism sectors. The first is that these activities are organized in a definite hierarchy. Whether based on the ownership of hotel rooms and transport units, or on the control of key components of the tourist travel experience, there is a clear dominance of those enterprises backed by foreign capital. Under them in descending order of importance are local European, Indian, and finally Fijian enterprises. Of the 971,044 tourists using services offered by primary tourism sector companies in 1976, 83.1 per cent of purchases were from foreign and European enterprises (Table 4.23). The second generalization is that this hierarchy is founded upon the differential importance of certain activities within these sectors, and unequal access by various ownership categories to essential inputs and linkages. The dominance of foreign hotel companies, for example, is based on their control of accommodation plant built to serve tourist rather than local clientele needs. Similarly, foreign and European pre-eminence in the travel and tour sector comes from their ownership of activities pivotal to the structuring and directing of tourist movements. The strategic importance of these companies is reinforced by the size of their operations, commercial astuteness, and their political and international market linkages. These companies have access to the best industry expertise, market contacts in metropolitan countries, extensive inter-industry communication networks that allow co-ordination and sale of attractive products, and extensive capital resources. All these advantages enabled them to gain control over the greater proportion of tourist flows.

There is, therefore, a series of processes operating within the primary sectors that ensures the subordination and vulernability

---

Footnote 25 continued

generated by the enterprise (up to $1200 a day) was being maldistributed. In particular, village leaders misspent project receipts on personal expenditure (especially material goods and liquor) while performers were not adequately rewarded. Conflict over this issue led to the eventual collapse of the venture. Support for the project, however, was re-activated by villagers seeking, and being given, assistance from a European travel agency. With this financial support a model village was constructed outside Suva. The villagers took up residence at the project site and were given rights to remain occupants of the display village. The result has been that Fijians are now 'attractions' within the overall project concept. They take little part in the organization and management of the enterprise, this being the preserve of the European owned company set up to oversee the project (President of Society of Fiji Travel Agents, 1977, pers. comm.).

Table 4.19

Travel and tour sector: value of plant and equipment by ownership categories, 1977

Ownership category	Number of firms[a]	Av. value of plant per enterprise	Value of plant all enterprises	Percentage of total value	Total number of vehicles	Percentage of all vehicles
Foreign	11	274,727	3,022,000	31.3	425	73.3
Expatriate	1	90,000	90,000	0.9	6	1.0
European	10	747,062	5,976,500	62.0	37	6.4
Indian	4	127,500	510,000	5.3	109	18.8
Fijian	4	6,675	26,700	0.3	1	0.2
Other	1	15,000	15,000	0.2	2	0.3
Total	31	310,974	9,640,200	100.0	580	100.0

[a]Excludes firms having no or little plant and equipment, e.g. some retail travel agents which rent both their buildings and communications equipment.

Source: Field survey 1977, estimates.

Table 4.20

Travel and tour sector: importance of top 20 per cent of enterprises, 1977

A. Dominance of subsectors by largest 20 per cent of enterprises

Subsector	No. of firms repre- senting 20%	Turnover of firms	Percentage of subsector turnover
Retail travel agents and tour co-ordinators	2	4,500,000	53.8
Tour and tourist attraction co's.	2	326,000	52.8
Ground transport co's.	2	1,100,000	52.2
Cruise boat co's.	3	2,000,125	74.2
Total	9	7,926,125	57.5

B. Dominance of sector ownership categories by largest 20 per cent of enterprises

Ownership category	No. of firms repre- senting 20%	Turnover of firms	Percentage of ownership cate- gory turnover
Foreign	3	6,100,125	74.0
European	3	4,000,000	82.5
Indian	1	170,000	44.6
Fijian	1	22,000	32.8
Total	8	10,292,125	74.6

C. Dominance of sector by largest 20 per cent of enterprises

Type of firm	Number of firms	Turnover of firms	Percentage of sector turnover
Foreign	6	7,830,000	56.8
European	3	4,000,000	29.0
Total	9	11,830,000	85.8

Source: Field survey 1977, estimates.

Table 4.21

Travel and tour sector: number employed (wage and salary earners) by subsectors, 1977

Employee category	Travel and tour agents		Tour & Tourist attractions companies		Ground transport companies		Cruise boat companies		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Full-time	156	95.7	110	70.1	161	99.4	258	89.3	685	88.8
Part-time	7	4.3	47	29.9	1	0.6	31	10.7	86	11.2
Sub-total	163	100.0	157	100.0	162	100.0	289	100.0	771	100.0
Full-time										
European	19	12.2	12	10.0	3	1.9	15	5.8	49	7.2
Fijian	50	32.1	78	70.9	26	16.1	208	80.6	362	52.8
Indian	59	37.8	19	17.3	127	78.9	13	5.0	218	31.8
Other	28	17.9	1	0.9	5	3.1	22	8.5	56	8.2
Sub-total	156	100.0	110	100.0	161	100.0	258	100.0	685	100.0
Part-time										
European	-	-	-	-	-	-	7	22.6	7	8.1
Fijian	5	71.4	46	97.9	-	-	21	67.7	72	83.7
Indian	1	14.3	-	-	1	100.0	2	6.4	4	4.7
Other	1	14.3	1	2.1	-	-	1	3.2	3	3.5
Sub-total	7	100.0	47	100.0	1	100.0	31	100.0	86	100.0
Total	163	21.1	157	20.4	162	21.0	289	37.5	771	100.0

Source: Field survey 1977, estimates.

Table 4.22

Travel and tour sector: number employed (wage and salary earners) by ownership categories, 1977

Employee category	Ownership category												Total	
	Foreign		Expatriate		European		Indian		Fijian		Other			
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Full-time	328	93.4	8	66.7	273	94.5	35	97.2	38	49.4	3	42.9	685	88.8
Part-time	23	6.6	4	33.3	15	5.2	1	2.8	39	50.6	4	57.1	86	11.2
Subtotal	351	100.0	12	100.0	288	100.0	36	100.0	77	100.0	7	100.0	771	100.0
Full-time														
European	20	6.1	1	12.5	26	9.5	-	-	1	2.6	1	33.3	49	7.2
Fijian	134	40.9	2	25.0	181	66.3	7	20.0	37	97.4	1	33.3	362	52.8
Indian	146	44.5	5	62.5	38	13.9	28	80.0	-	-	1	33.3	218	31.8
Other	28	8.5	-	-	28	10.3	-	-	-	-	-	-	56	8.2
Subtotal	328	100.0	8	100.0	273	100.0	35	100.0	38	100.0	3	100.0	685	100.0
Part-time														
European	1	4.3	-	-	6	40.0	-	-	-	-	-	-	7	8.1
Fijian	21	91.3	3	75.0	7	46.7	-	-	39	100.0	2	50.0	72	83.7
Indian	-	-	1	25.0	2	13.3	1	100.0	-	-	-	-	4	4.7
Other	1	4.3	-	-	-	-	-	-	-	-	2	50.0	3	3.5
Subtotal	23	100.0	4	100.0	15	100.0	1	100.0	39	100.0	4	100.0	86	100.0
Total	351	45.5	12	1.6	288	37.4	36	4.7	77	10.0	7	0.9	771	100.0

Source: Field survey 1977, estimates.

Table 4.23

Primary tourism sectors: control of tourist movements, 1976
(total number of clients served)

Ownership	Number of enterprises	Percentage of enterprises	Number of clients served	Percentage of clients served
Foreign[a]	48	37.5	632,223	65.1
European	38	29.7	174,733	18.0
Indian	24	18.8	72,807	7.5
Fijian	9	7.0	9,653	1.0
Others[b]	9	7.0	81,628	8.4
Total	128	100.0	971,044[c]	100.0

[a]This category combines foreign owned companies and expatriate owned family enterprises.

[b]Includes Fiji Public companies and Chinese and Polynesian owned enterprises.

[c]Any one tourist may be counted several times if s/he uses the service of more than one accommodation unit, travel agency or tour company.

Source: Field survey 1977, estimates.

of indigenous enterprises. It is the dominant enterprises which determine the residue activities upon which indigenous enterprises base their operations. It is characteristic of third world tourism, however, that the intervention of these primary tourism sectors in an economy will lead to demand by tourists for a series of second order services. While not essential to the creation of basic tourism infrastructure, they provide tourists with additional attractions which ensure a more varied and enjoyable holiday. The most important repercussion of this demand is the creation of opportunities for more extensive indigenous participation in the tourist industry.

Chapter 5

Fiji secondary tourism sectors

While primary tourism sectors are the preserve of foreign and local European companies, activities such as tourist retail shops, the sale of handicrafts, taxi transport, shopping guides and entertainment groups are occupations predominantly created and held by Indian, Fijian and Polynesian entrepreneurs. These self-employment activities are one of the key advantages of tourism for Fiji's labour surplus economy. It is significant that such indigenous participation is confined to activities outside the primary tourism sectors. By virtue of their subsidiary role, indigenous enterprises do not control or determine tourist movements or the nature of the formal holiday experience. Their operations focus on activities of incidental tourist expenditure. Furthermore, the nature of many petty secondary sector enterprises, and the market structures within which they are found, severely limit their capacity to accumulate capital. This is because of their dependence on the large companies of the primary tourism sectors for tourist clientele, productive and resalable inputs, and the definition and delineation of their spheres of operation. It is also due to their marketing organization. This chapter details the structural characteristics of the tourist shopping, handicraft and entertainment group sectors.[1]

The tourist shopping sector[2]

Tourist shops are the single largest generator of tourist receipts. Although their absence now would probably have little serious impact on Fiji's attractiveness as a holiday destination, between 1965 and 1972 the availability of duty-free shopping was

---

[1]Taxi operators are not included in this discussion as they rely on Fiji nationals for the majority of their clientele. This is not to deny that, in the Nadi and Sigatoka areas particularly, tourists would constitute the most important source of custom. For similar reasons, retail outlets marketing textile goods are also excluded from the discussion.

[2]See Appendix 3 for field survey methodology.

a key attraction for New Zealand and Australian tourists. This was reflected in the fact that the number of tourist shops expanded from 20 in 1963 to an estimated 192 in 1977.[3]

Apart from attracting visitors tourist shops had a two-fold function within the wider context of Fiji's sixth and seventh development plans. Duty-free trading provides one of the most extensive, accessible and potentially profitable avenues of tourism participation for Fiji's small urban trader community. As noted in Chapter 2, this group has been under pressure to provide employment for a growing Indian urban workforce as well as migrants from rural areas. The 1962 duty-free legislation gave a boost to enterprises which up to that time were reliant on a relatively static and narrow consumer market. Most of the commercial opportunities created were taken up by Gujerati Indians.[4]

Tourist shops also provide government with an important source of revenue. The name 'duty-free' has been a misnomer since a minimum 10 per cent fiscal tax was imposed on all imported tourist consumer goods until 1980. Import duties have historically been the single most important source of government finance. Since the mid-1960s, however, there has been a substantial erosion of Fiji's international trade tax base with the proportion of government revenue from import duties declining from 35.6 per cent in 1966 to 29.8 per cent in 1975 (Central Planning Office 1975: 46). The rapid growth of tourist arrivals and subsequent expansion of duty-free trading was seen as a means of counteracting this adverse trend. In addition, duty-free trading provided increased income tax revenues. Total government revenues from income taxes grew from 27.0 per cent in 1970 to 36.0 per cent in 1975 (Central Planning Office 1975:28). The impetus that duty-free trading gave urban wholesaling and retailing enterprises generated substantial revenues from company, wage and salary incomes.

Tourist shopping firms can be categorized into four subsectors: duty-free importing and wholesaling firms (duty-free *importers*);[5] duty-free retailing firms not wholesaling goods

---

[3]At least 15 of the 20 shops in 1963 were located in Suva; the remainder were found in Nadi and Lautoka. The estimate of shops in 1977 excluded tourist shops located in hotels.

[4]That is, that part of Fiji's Indian population who voluntarily migrated from Gujerat Province in India and now dominate lower, middle and many higher order commercial and mercantile functions.

[5]Defined as firms importing *more than one* international brand name tourist consumer durable. This qualification distinguishes these (larger) firms from (small) retail firms which have

(Footnote 5 continues on next page)

(duty-free *retailers*); tourist gift and souvenir firms (*souvenir* shops); and firms specializing in items crafted by local artisans (*artisan* shops). Importers are responsible for indenting virtually all tourist duty-free goods and are usually sole marketing agents for specific brand names. They determine local price structures and retail franchise distribution rights. Importers were typically established as wholesaling agents prior to the introduction of duty-free trading and are predominantly subsidiaries of foreign or large locally owned companies.[6]

Duty-free retailing and souvenir shops, by contrast, are mostly small, family run, Indian enterprises. Without exception duty-free retailers are dependent for the greater part of their stock on duty-free importers, and are obliged to negotiate prices with tourists, unlike importers who have fixed prices. Retailers specialize in standard tourist lines such as electronic components, photographic and high fidelity sterophonic sound equipment, watches, perfumes, jewellery and cosmetics. Souvenir shops also hold limited quantities of radios, watches and cheap cameras, but most of their stock is in such disparate tourist lines as novelties, tourist shirts, imitation jewellery, Southeast Asian handicrafts, toys, games, brassware, textiles and leatherware. Since few of these items are classified as duty-free they are subject to normal customs and fiscal taxes. Furthermore, being product lines outside the concern of duty-free importing firms, stocks are indented by souvenir firms themselves as retail specialties or, to a lesser extent, for wholesale to other firms.

Artisan shops, as their name implies, retail crafts made by local carvers, artists and handicraft producers. Products sold include wood carvings, basketware, jewellery and other handicrafts made by Fijians and Indians, paintings by select

---

Footnote 5 continued

unsuccessfully attempted to capture a share of the tourist wholesale market. Internationally known brand names may be wholesaled to retail firms or sold through an importer's own retail outlets. Many retail firms also indent from overseas. Their product lines, however, are either not sold wholesale, or have limited tourist sales potential due to their poor quality or lack of aesthetic and functional appeal.

[6]In this chapter, this group is referred to as foreign-European companies. The one European owned firm, the Stinson-Pearce Group, was in 1977 classifiable as a foreign firm. While 51.0 per cent of shares were held by Fiji nationals and Fiji registered companies, some of these were held by nominees representing foreign interests (Senior Officials in Fiji Government Ministries 1977, pers. comm.). In 1979, this firm purchased part of its foreign shareholding and became for all intents and purposes a Fiji (European) company.

Fijian and European artists, a variety of home crafts and pottery items made by European women, as well as souvenir books and locally designed fashion ware. Stock is rarely wholesaled to other retailers, and many handicrafts and art works are sold through these shops on a commission basis. All artisan shops are European owned, with 75.0 per cent of them managed by women. Most of these firms originated from proprietors wishing to establish commercial outlets for their own art work or to provide market exposure for better quality Indian and especially Fijian handicrafts.

There are considerable differences in the market importance of these four enterprise categories. Souvenir and artisan shops in 1977 were responsible for 19.6 per cent of sector enterprises, 6.3 per cent of inventory stock and 12.5 per cent of sector employees. By contrast, duty-free trade enterprises constitute 80.4 per cent of firms, 93.7 per cent of stock and 87.6 per cent of employed labour (Table 5.1). Within the duty-free trade subsector there were divisions between firm types. With 12.4 per cent of sector firms, importers are responsible for 21.9 per cent of all retail outlets. Duty-free retailers on the other hand, with 68 per cent of firms, account for 59.4 per cent of outlets. Each importer owned on average 2.4 retail outlets (though one firm owned fourteen separate tourist shops). Their financial resources and importing capacity allow them to provide a high degree of retail exposure for their products and to hold a large and attractive range of tourist goods. Importers held stock levels, and had gross turnovers, three and four times greater than those of retailing firms. In addition, importers had many more employees because of their wholesale activities and larger retail shops. Small size and lack of higher order functions typified duty-free retailers. Over 92 per cent were family owned firms with 34.9 per cent of hired labour being family or relatives of the firm's proprietors. Most characteristically, such firms were dependent on importers for an average 79.0 per cent of their stock. The souvenir shop subsector had a similar percentage of family-run enterprises and a greater reliance on family labour.

<u>Characteristics of the tourist shopping trade</u>. While these inter-firm differences are basic to the structure of the tourist shopping sector, three further features are important to an understanding of the commercial forces at work in the trade. First is the short-term variability of trading activity. The annual seasonality of air visitor arrivals is most clearly illustrated in the duty-free shopping centres of Sigatoka and Nadi. The average monthly gross income per retail firm in these towns was in 1977 an estimated $12,402 during the nine month 'off-season'. For the remaining months of May, August and January (which correspond to school holidays in Australia and New Zealand) average monthly turnover increased by 78 per cent to an estimated $22,121. In the cruise-ship ports of Suva and Lautoka, a high

Table 5.1

Tourist shopping sector retail trade: enterprise characteristics, 1977

Enterprise characteristics	Duty-free importers (1)	Duty-free retailers (2)	Souvenir shops (3)	Artisan shops (4)	Totals
Number of enterprises (%)	19 (12.4)	104 (68.0)	26 (17.0)	4 (2.6)	153 (100.0)
Number of retail outlets (%)	42 (21.9)	114 (59.4)	28 (14.6)	8 (4.2)	192 (100.0)
Wholesale value of stock held ($000)	6,038.5	10,709.1	1,059.7	64.0	17,871.3
Percentage of total sector stock	33.8	59.9	5.9	0.4	100.0
Number employed (%)	368 (39.7)	444 (47.9)	89 (9.6)	25 (2.7)	926 (100.0)
Percentage of firms registered companies	45.5	7.7	7.7	25.0	
Percentage of firms family enterprises	54.5	92.3	92.3	75.0	
Percentage of firms foreign-European owned	27.5	-	-	100.0	
Percentage of outlets foreign-European owned	50.0	-	-	100.0	
Av. value of stock held by firm	$317,818	$102,972	$40,757	$16,000	
Av. estm. percentage stock per outlet indented	71.0	18.0	54.0	-	
Av. estm. percentage stock per outlet from importers	29.0	79.0	26.0	2.0	
Av. estm. percentage stock per outlet from local sources	1.0	4.0	20.0	98.0	
Av. estm. gross income per firm	$605,594[a]	$135,500	$52,038	$109,225	
Av. estm. gross income per outlet	$245,121[a]	$123,614	$48,321	$54,613	
Av. estm. expenditure per tourist	$80.20	$104.25	$15.80	$14.25	
Av. number employed per firm	19.7	4.2	3.5	6.3	
Av. number employed per outlet	10.3	3.9	3.2	3.1	
Percentage of employees relatives of proprietor	6.9	34.9	55.6	24.0	
Percentage of firms with more than one outlet	42.1	38.5	7.7	25.0	
Av. number of outlets per firm	2.4	1.6	1.1	2.0	
Percentage of firms owning other tourism enterprises	57.1	15.8	7.7	-	
Percentage of firms owning non-tourism enterprises	19.0	31.6	7.7	25.0	

[a]Importing firms with retail outlets only, that is, 17 firms.

Source: Field survey 1977, estimates.

degree of daily trading variability is observable. Average trading day turnover without a cruise-ship in port was approximately \$292.5 per firm. With a cruise-ship in port trading averaged \$1009 per firm per day, a 245 per cent increase.

The second characteristic is the apparent low degree of foreign-European retail involvement in this sector. The numerical predominance of Indians is such that they held 91.0 per cent of enterprises and 83.3 per cent of outlets (Table 5.2). Foreign-European companies accounted for only 7.2 per cent of retail firms (but 15.1 per cent of retail outlets). The Chinese and Fijian business communities together owned a mere three enterprises.

Table 5.2

Tourist shopping sector: proprietorship of retail shops, 1977

Ownership group	Firms		Outlets	
	No.	%	No.	%
Gujerati Indian	127	83.1	143	74.5
Other Indian	7	4.5	11	5.7
Indian (unknown)	5	3.3	6	3.1
Foreign-European	11	7.2	29	15.1
Chinese	1	0.6	1	0.5
Fijian	2	1.3	2	1.0
Total	153	100.0	192	100.0

Source: Field survey 1977, estimates.

As in the primary tourism sectors Fijian participation is primarily in the form of employed labour. But not surprisingly Indians constituted 83.4 per cent of an estimated workforce of 926 persons (Table 5.3). There is also some racial occupational specialization. Small family-run retailing and souvenir shops, owned as they are by Indian proprietors, have a conspicuous preference for the employment of Indian labour to the exclusion of Fijians. Firms of foreign and European ownership, on the other hand, exhibit a far greater willingness to employ Fijian labour.

The third very important feature of the tourist shopping sector has been an over-supply of trading stores. Of the 192 outlets operating in 1977 only 13.2 per cent had traded in tourist goods in 1962. From the first year of duty-free trading in 1969 a further estimated 29.1 per cent of current outlets commenced operations (Table 5.4). Of these fifty-five outlets, forty-four were located in the cruise-ship ports of Suva and Lautoka, with a further ten in Nadi. These seven years of duty-free trading

Table 5.3

Tourist shopping sector: numbers employed in subsectors, 1977

Racial group	Importing firms		Duty-free retail firms		Souvenir firms		Artisan firms		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Indian	235	63.9	442	99.5	87	97.8	8	32.0	772	83.4
Fijian	98	26.6	2	0.5	2	2.2	9	36.0	111	12.0
European	4[a]	1.1	-	-	-	-	5	20.0	9	0.9
Other	31	8.4	-	-	-	-	3	12.0	34	3.7
Total	368	100.0	444	100.0	89	100.0	25	100.0	926	100.0

[a]Excludes top-level management personnel in larger corporations owing to the multi-functional roles of these companies (and hence personnel).

Source: Field survey 1977, estimates.

Table 5.4

Tourist shopping sector: date of commencement of tourist trade outlets operating in June 1977[a]

Dates	Suva		Sigatoka		Nadi		Lautoka		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Before 1963	23	26.4	-	-	-	-	2	7.4	25	13.2
1963-69	30	34.7	-	-	14	26.3	11	40.7	55	29.1
1970-76	34	38.9	23	100.0	38	73.7	14	51.9	109	57.7

[a]Calculated using known dates of commencement of trading for 84.6 per cent of tourist trade outlets (excluding souvenir shops and outlets outside four main towns).

Source: Field survey 1977, estimates.

were, in retrospect, the most profitable for those firms involved. This was due to a greater propensity for tourists to purchase duty-free products and the higher market share of tourist expenditure attainable by each of the relatively few firms operating. Those firms selling duty-free items before 1969 included almost all of the current duty-free importing firms.

But the 'tourist boom' of 1969-74 coincided with the realization by merchants outside that was then the tourist sector that considerable profits had accrued to duty-free shop proprietors. Previously there had been a general reluctance on the part of Indian merchants to change from traditional local market stock lines to tourist goods because of considerable risks involved for small enterprises. Such reticence quickly broke down in the face of an influx of tourists and there was a rapid transfer by Indian merchants into the tourist trade (Tables 5.5 and 5.6). The growth of tourist numbers and the buoyant market easily coped with a substantial increase in the number of retail outlets. Nearly 60 per cent of current duty-free retail outlets opened between 1970 and 1976. In particular, all Sigatoka outlets and 73.7 per cent of Nadi outlets commenced trading in these years.

This proliferation of outlets transformed the central shopping streets of Nadi, Sigatoka and, to a lesser extent, Lautoka. By 1976, 40.7 per cent (57) of Nadi's main street, ground level commercial frontages were tourist shops, 5.0 per cent (7) were other tourist oriented firms and 54.3 per cent (76) were local trading enterprises. In Sigatoka 56.5 per cent (26) of premises were selling tourist goods, 2.2 per cent (1) other tourist services and 41.3 per cent (19) local market products and services.[7] This trend caused the simultaneous (though largely temporary) reduction in retail outlets serving local consumers.[8] An estimated 62.2 per cent of all tourist retail outlets were previously trading in a variety of products and services used by local Indians and Fijians.

The cumulative impact of these changes was the rapid dilution of the potential market shares of tourist expenditures available to each retail outlet. The resulting severe competition was worsened by the lack of product line specialization

---

[7]This creation of tourist trading zones within towns had the effect of relegating local trade to other (side) streets. Isolation from their traditional clientele is the reason for responses given in Table 5.5 regarding traders being 'forced' into tourist trading because of their commercial site location.

[8]In Sigatoka, for example, many local trading activities were taken up by other residents, some newly arrived from rural areas and India.

among retailers. Irrespective of the size of premises, Indian retail outlets sold, and still sell, a wide variety of disparate items.[9] The only commonality between them is that their goods are purchased by tourists (Table 5.7). Approximately 65 per cent or more of duty-free retail outlets stocked watches, pens, cigarette lighters, precious metal and stone jewellery, portable electronic gadgets, stereophonic equipment and photographic equipment. Similarly over 60 per cent of souvenir shops sold watches, imitation jewellery, toys and a variety of games and novelty items.[10] Because identical items were available at most shops, tourists visited numerous retail outlets comparing prices, and, in the process, played one shop sales assistant off against another. This led to proprietors undercutting each other to obtain a sale.

There are two principal causes of this lack of shop specialization. Probably most important is the commercial conservatism of the proprietors. Having little capital to purchase an extensive range of high value photographic equipment for example, proprietors stock a wide range of lower cost, faster selling items. In this way proprietors reduce the risks inherent in specializing in one product line for which demand may drop. This happened with top quality stereo and camera equipment when stringent customs regulations were imposed in Australia and New Zealand and duty was removed from these items within Australia. The other factor contributing to product diversity is the lack of knowledge most Indian proprietors have of tourist consumer tastes and demands. Australians shopping in Fiji, for example, found that they already possessed many of the products available, that few shops sold 'top of the range' high quality products (much less rare or exotic goods such as the textiles and precious stone wares available for purchase in Southeast Asia) and that few held specialized items (of, for example, sports or photographic equipment). In addition many products sold by souvenir firms could be found in Australian discount and department stores, and sales assistants were unable to help the tourist evaluate the qualitative and functional characteristics of one brand name or model over another. To exacerbate matters, tourists often came to realize that prices for 'up-market' stereophonic, photographic and some jewellery products are only 15-20 per cent below Australian retail prices and that the price of most other tiems is virtually identical with the price in Australia.

---

[9]Foreign-European owned retail outlets generally specialize in jewellery, perfumes, cosmetics or electronic equipment.

[10]If one excluded retail shops owned by importers, this lack of product specialization would have been greater since few retailers had exclusive rights to single brand name goods.

Table 5.5

Tourist shopping sector retail outlets: reasons given by proprietors for participating in tourism

	Percentage of all[a] survey respondents
Considered tourist shopping trade very profitable[b]	46.2
Already involved in tourist type commercial goods	26.4
Became involved in family business irrespective of tourism	19.8
Started own tourist shop after working as employee in other tourist shop	8.8
Forced to trade in tourist goods owing to geographic location	8.8
Other reasons	13.2

[a]Proprietors may have given more than one response.

[b]Or more profitable than previous business.

Source: Field survey 1977.

Table 5.6

Tourist duty-free and souvenir retail sector: previous goods and services sold at retail outlets by current proprietors, 1977

	Suva		Sigatoka		Nadi		Lautoka		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
No previous business	28	35.9	6	26.1	15	28.8	6	22.2	55	30.6
Duty-free type goods[a]	7	8.9	1	4.3	3	5.7	2	7.4	13	7.2
Professional services[b]	18	23.1	3	13.0	8	15.4	2	7.4	31	17.2
Food, general merchants	3	3.8	2	8.6	7	13.5	-	-	12	6.7
Textiles, and clothing	14	17.9	11	47.8	12	23.0	17	63.0	54	30.0
Other	8	10.3	-	-	7	13.5	-	-	15	8.3
Total	78	100.0	23	100.0	52	100.0	27	100.0	180	100.0

[a]Stores which sold electrical appliances, jewellery, photographic equipment, etc.

[b]For example, professional photographer, goldsmith, jeweller, pharmacist, electrician, watch repairer, etc.

Source: Field survey 1977, estimate.

Table 5.7

Tourist shopping sector: items sold by retail outlets, 1977

Tourist items	Estimated percentage of outlets selling items		
	All outlets	Duty-free outlets	Other outlets
Watches, pens, cigarette lighters	85.8	89.7	64.3
Jewellery, ceramics, etc.	70.6	71.8	64.3
Radios, hi-fi and other electronic equipment	69.6	78.2	21.4
Photographic equipment	57.6	65.4	14.3
Perfumes, cosmetics, sunglasses	35.9	39.7	14.3
Toys, games, etc.	23.9	14.1	78.6
Imported handicrafts and novelties	21.7	15.4	57.1
Travel bags, etc.	21.7	19.2	35.7
Tourist textiles and clothing	20.7	8.9	35.7
Sports equipment	20.7	23.1	7.1
Local handicrafts and souvenirs	10.9	7.7	28.6

Source: Field survey 1977, estimates.

There are several widespread assumptions made about the tourist-shopping sector. Most common is the idea that Indian retailers, being the bulk of store proprietors, are the major beneficiaries of the tourist trade. In particular, it is assumed that retailers make substantial profits from 'excessive' mark-ups, especially on cruise-ship days and the peak holiday months. It is also assumed that it is this profiteering by retailers that makes prices of duty-free goods in Fiji so high compared to those in Australia and elsewhere (except New Zealand). Of all the sectors of Fiji tourism, however, the expected correspondence in the shopping trade between the degree of ethnic (Inidan) participation and the extent of financial gain accruing to indigenes is most misleading. The reasons for this lie only partly in the activities of Indian retailers. Equally important are the pricing and marketing practices pursued by Fiji based importing companies and overseas suppliers.

<u>The tourist shopping sector marketing structure</u>.[11] Virtually all tourist goods are manufactured outside Fiji, except for that (0.4 per cent) stock held by artisan shops. In 1975 Japan accounted for 73.7 per cent of imported electrical and photographic duty-free items. Australia, Europe and Southeast Asia accounted for 89.4 per cent of jewellery and perfumery goods. Australia, India, Southeast Asia and the United Kingdom supplied 73.1 per cent of items commonly sold in souvenir shops (Parliament of Fiji 1976a).[12] It is these suppliers (i.e. not necessarily manufacturers) which are the most important determinant of the cost structure of tourist goods in Fiji. Over and above normal wholesale charges from manufacturers, duty-free goods importing companies in Fiji incur additional costs.

Whether Fiji is supplied by regional distributors or direct from say, Japan, transport costs represent an important loading on final wholesale (and of course retail) prices. Government and industry spokesmen in Fiji put this transport cost on average at 5 per cent of the c.i.f. value of imported duty-free items. In addition, because of its small tourist market, Fiji importers often cannot purchase stock in sufficient volume to qualify for substantial discounts offered by manufacturers. This, combined with high transport costs, detracts from Fiji's attractiveness as a tourist shopping destination when compared to Southeast Asia and Australia.[13] Another factor affecting Fiji's cost structure is the distribution network for tourist goods. Few product lines can be purchased direct from manufacturers. Goods are obtained instead from a network of large metropolitan companies which are either subsidiaries or manufacturing companies or firms acting as manufacturer appointed distribution agents. These latter have considerable commercial leverage with manufacturers because of their location in the larger regional markets in Australia, Singapore, Hong Kong and New Zealand. This market position has enabled them to acquire distribution rights to subsidiary regional markets in the South Pacific. From the point of view of a Fiji wholesaler, therefore, three indenting options are available: direct purchase from the manufacturer, direct purchase from a manufacturer's regional marketing subsidiary, or direct purchase from metropolitan agencies which control distribution rights of the product lines required. The monopsonic rights

[11]Unless otherwise stated, the discussion in this section relates only to duty-free trading and souvenir shop activities.

[12]These figures include non duty-free items such as camera films, blank recording tapes, pen and cigarette lighters since these products are mostly sold to tourists.

[13]In Australia, the high discretionary income available to most citizens, the relatively large size of that country's domestic market, and the low customs and fiscal duties placed on most imported consumer durables result in comparatively low retail prices for a large range of consumer 'luxury' items.

that suppliers have over specific brand names have two important cost implications for Fiji's tourist shopping sector.

First, these companies determine from which regional supplier a Fiji importer can obtain stock. Some products supplied from Australia are only available to Fiji importers from New Zealand suppliers. By forcing importers to purchase through these lower order regional outlets, distributors gain the dual benefit of charging additional mark-ups and increasing the cost of goods to Fiji importers. That this cost is invariably passed on to Fiji's retailers mitigates against their international competitiveness.

Second, manufacturers can control the marketing of their products by establishing their own wholesale and retail outlets in Fiji through subsidiary companies, or more commonly, branches of Australian, New Zealand or Southeast Asian subsidiaries. Alternatively, to reduce marketing expenses, manufacturers may supply direct to a Fiji importer and have a company agent *in situ* to act as a market liaison. Such arrangements have repercussions for Fiji prices. A trans-national company marketing its own product, such as Philips Electric International Ltd, will ensure that prices charged through its New Zealand owned subsidiary in Fiji do not undermine prices in Australia, its main regional market. A company using the alternative marketing arrangement of a resident company agent in Fiji, such as Sanyo Electric Trading Co. Ltd, may set prices with similar aims in mind. In addition, the resident agent, paid on a commission basis, will pressure retailers and importers to make larger purchases of company products. The agent also acts as a constant surveillant of the Fiji market. Information on competitors' prices and tourist demand is relayed back to the parent company. In this way manufacturers can export shipments of goods either at the maximum cost the Fiji market will bear, or so priced as to capture the market share held by competitors. In each case the landed cost of goods in Fiji works to the benefit of metropolitan companies and not necessarily to the advantage of Fiji importers.

A final factor influencing the cost of duty-free imports relates to the competition Fiji represents for domestic metropolitan markets. While not necessarily implying collusive action on the part of metropolitan distributing agencies, it would appear that Australian companies have attempted to limit Fiji's attractiveness to tourists (Fiji Government and company representatives, pers. comm.). Fiji-based Australian companies have fixed wholesale costs which preclude Fiji retailers from offering goods at prices significantly below those prevailing on Australian domestic markets.[14] In some cases wholesale prices in Fiji (including

[14]Observation of Fiji and Australian retail markets showed that a wide variety of duty-free items in Fiji carry prices virtually identical to those found in many Australian retail stores.

importers' mark-ups) are above Australian retail prices (Table 5.8). There has also been successful lobbying by Australian companies to have government customs regulations changed to restrict the value of duty-free items returning tourists are permitted to bring into Australia.

Table 5.8

Tourist shopping sector: cost of selected Fiji duty-free items distributed by Australian companies, June 1977

($)

Item	Fiji wholesale cost to retailer	Retail price available in Australian discount store
Hanimex Pocket Camera (Model A)	29.50	29.50
Hanimex Pocket Camera (Model B)	49.50	49.95
Polaroid Instamatic EE44 Camera	36.20	35.50
Agfa CT18 Film (20 exposures)	3.75	3.95

Source: Field survey 1977.

In spite of these practices by metropolitan suppliers, however, to many retail proprietors it is locally based importers who are most responsible for their uncompetitive position. Criticism of wholesalers[15] centres around high mark-ups and monopolies over international brand name goods. While it is difficult precisely to identify 'international brand names' from other manufactured products, observation of Fiji's duty-free shops revealed approximately 140 brands that would be familiar to Australian and New Zealand tourists. The distribution of 122 of these lines was controlled by Fiji's nineteen duty-free importing companies (Table 5.9).[16] Importers, representing 15.5 per cent of all duty-free trading firms, were responsible for importing an estimated 78.8 per cent of all duty-free items.

[15]Discussion here is related to Fiji's independent importers, not subsidiaries of overseas and manufacturers. These latter tend to market their brand names through their own outlets.

[16]Fifty-four per cent (76) of these product lines were controlled by the seven largest importers: Motobhai and Co. Ltd, Stinson-Pearce Group Ltd, Morris Hedstrom Ltd, Brijlal and Sons Ltd, V. Gokal Ltd, Lohdia Bros Ltd and Nahari Electric and Co. (Department of Customs 1977, pers. comm.).

Table 5.9

Tourist shopping sector: volume of imported duty-free trading stock by types of firm, c.i.f. values, 1977[a]

Type of firm	Tourist sector firms		Duty-free goods[b] imported		Jewellery and perfumes imported		Total goods	Value of imported
	No.	%	$	%	$	%	$	%
Foreign-European importers	6	4.9	4,500,800	27.1	356,800	12.8	4,857,600	25.1
Indian importers	13	10.6	8,573,200	51.7	666,000	24.0	9,239,200	47.7
Indian and other retailers	104	84.5	3,517,200	21.2	1,757,200	63.2	5,274,400	27.2
Total	123	100.0	16,591,200	100.0	2,780,000	100.0	19,371,200	100.0

[a]Data estimates based on January-March 1977 trading statistics.

[b]Items categorized as duty-free goods are identical to those detailed in Table 5.6.

Sources: Field survey 1977; Ministry of Customs 1977, unpublished trade data.

Rather than establish a chain of retail outlets themselves, importers levy set wholesale mark-ups. It is then up to retailers to negotiate with tourists the final price of any one item. With already high indenting costs, and wholesale mark-ups ranging from 40 to 60 per cent,[17] retailers were forced to levy very low mark-ups to remain competitive. Were it not that most retail firms were run on a single family proprietorship basis many would not have remained viable. Average retail gross profit margins after price negotiation ranged in 1977 from 12-15 per cent in Suva down to 8-10 per cent in Nadi, with net profits considerably less.

There were a few differences between importers of the two main ownership categories. Prices in retail outlets run by foreign-European importers have set mark-ups and typically include a 20-25 per cent profit margin which allows Indian retailers room for price bargaining with tourists. Virtually all Indian owned importers have negotiable prices in their retail stores and, again, there is no attempt to use their considerable commercial power to undercut retail firms. To do so would result in retailers refusing to contract with importers. This would drastically reduce sales outlets of importers' goods and generally depress the retail shopping trade. On the whole, foreign-European companies had higher mark-ups than Indian owned wholesale firms, a phenomenon probably related to the fact that most foreign importers were subsidiaries of companies also selling on Australian domestic markets.[18] With Indian importers there was selective discrimination in transactions with retailers. Given the ethnic factions within Fiji's Indian business community, it was common for importers to give more favourable discount concessions, and access to products, to retailers belonging to religious, family or other social groups preferred by particular importers. Similarly, foreign wholesale companies give preferential treatment to select retailers. The most obvious example of this occurs with the distribution of European perfumes and jewellery. Only those retail establishments considered to carry suitable prestige are given such franchise rights; that is, retail firms operating expensively furnished European styled retail shops.

Irrespective of these price practices, the overriding feature of Fiji's duty-free trade is a cost structure which clearly enalbes substantial profit accumulation by foreign suppliers and

---

[17]These represent the 'average' range of wholesaler mark-ups. Some firms charged less, while others were known to impose mark-ups of nearly 100 per cent, though discount concessions may have been available.

[18]Morris Hedstrom Ltd, Burns Philp (South Seas) Co. Ltd, Prouds (Fiji) Ltd, Philips Electronics (Fiji) Ltd, Hagarmeyers Ltd, Farebrothers Co. Ltd, and Hardys (Fiji) Ltd.

Fiji based importing companies. And, since both groups are largely divorced from a retailing capacity, they do not have to face the considerable short-term vagaries pervading at the retailing level. To the tourist the most conspicuous feature of duty-free shopping is the obligation of both tourists and Indian shop assistants to haggle over prices. This bargaining procedure is of importance in several ways. It represents the commercial transaction technique traditionally preferred by Indian merchants. It is also the mechanism enabling proprietors, through the use of skilled, and at times, deceptive salesmanship, to extract a profit increment over and above the norm when an opportunity presents itself. Because of the novelty for Australian and New Zealand tourists of this mode of commercial transaction, duty-free bargaining has become a recognized tourist attraction in itself. Supported strongly by duty-free wholesalers and the Fiji Visitors' Bureau, the concept of comparative shopping and price haggling is an integral part of tourist promotion literature. With the buoyant tourist market up until 1974 retailer support for this bargaining system was unquestioned, particularly since there were large price differences between goods sold in Fiji and in Australia and New Zealand. These differentials gave ample scope for sales assistants to negotiate advantageous prices. But with the decline in visitor arrivals the inherent disadvantages of bargaining became progressively more evident.

Because of the proliferation of stores, the decline in tourist numbers, harsher customs restrictions in Australia and New Zealand and the worsening price structure of Fiji's duty-free trade, retailers from 1975 onwards faced a shrinking market. In response to this situation retailers attempted to improve profit margins by strategies which often aggravated their problems. The simplest response was to extend shop trading hours. Of the three principal duty-free shopping centres Nadi had the most dramatic rise in the number of retail outlets. The consequent increase in inter-retailer competition is reflected in proprietors' working hours (Table 5.10). With local government regulations ostensibly prohibiting trading outside normal business hours, many Nadi retail proprietors began trading illegally in order to gain a competitive edge. And in Lautoka, where over 35 per cent of duty-free retail trading is estimated to come from cruise-ship passengers, extended trading hours were necessary to compensate for the relatively small non-cruise boat tourist market. The degree to which longer trading hours alleviated competition was not known. It was observable, however, that in Nadi the large number of proprietors resorting to illegal trading hours was such as to induce a similar level of competition as occurred within legal trading hours. The most likely repercussion for the small family enterprise was a greater labour input for little, if any, marginal increase in turnover.

The move towards longer trading hours was paralleled by the accumulation of inventories. By bulk purchasing stock retailers attempted to obtain lower wholesale prices and hence greater flexibility over price negotiation with tourists as well as a lower final bargaining price threshold than other retailers. With aggressive sales promotion by wholesalers, a restrictive tourist market, and intense inter-retailer competition, there has been an over-reaction by many retailers to the discount and rebate opportunities given by wholesalers.[19] The results have been high profits for wholesalers and aggravation of the plight of many retailers. To acquire wholesale discounts, proprietors increased their volume of stock and proportionately reduced their short-term liquid assets. A situation arose where, with as many retailers as possible taking advantage of discount schemes, an appreciable increase in retail inventory stock occurred with relatively little change in proprietors' competitiveness or stock turnover rates.[20] In addition, some retailers found difficulty in retaining credit worthiness with banks and wholesalers because of their liquidity problems. As it was, duty-free retailers typically relied very heavily on credit, so over-stocking significantly added to their financial burdens.

To compound these problems, retailers with unsold stock were exposed to the risks accompanying periodic changes in design and technical specifications of duty-free goods. Such model changes give an indication of the vulnerability of retailers to marketing strategies of importing and manufacturing companies. Modifications in products oblige retailers to sell at lower prices so as to divest themselves of obsolete stock. Conversely manufacturers or wholesalers may significantly reduce the wholesale price of obsolete models leaving retailers in a marketing dilemma. To illustrate, a Japanese camera manufacturer lowered the wholesale price of one model from $48 to $29 before introducing a new model. Retailers having already purchased stock at $48 per item were either undercut by retailers selling newly purchased stock at $29 per unit, or were forced to sell their own stock at a considerable loss.[21] The other consequence of price discounting

---

[19]One importer, for example, offers basic discounts on items purchased over a set volume level on one product line such as watches. An additional 'gross target discount' is then available to a retailer on his total purchases of all product lines once a certain minimum value of, say, $300,000 has been reached. Finally, the company offers a rebate scheme on an individual brand name or model that the importers want to promote.

[20]It has been estimated that in 1975 Nadi retail outlets had an average annual stock turnover of only 0.8 per cent (Spokesman for the Suva Duty Free Dealers Association 1977, pers. comm.).

[21]In another instance, one of the larger Indian wholesaling companies, in an effort to clear stock of a Japanese car cassette tape player changed the wholesale price to a near profitless

(Footnote 21 continues on next page)

has been a gradual polarization between large and small retail firms. With restricted liquidity, credit and burdensome stock levels, small enterprises have been unable to continue normal purchases of discounted goods. Larger firms, on the other hand, have maintained their bulk purchases, gained lower prices and expanded their range of products. As a consequence these shops have become more attractive to tourists and are often given priority access to deliveries of new stock shipments and models by importers. In many instances smaller retailers are left with a poor selection of goods from which to order stock replacements.

Table 5.10

Tourist shopping sector: working hours of retail outlet proprietors, 1977

Working hours[a]	Suva	Sigatoka	Nadi	Lautoka
Av. hours outlet open per day	8.7	8.6	10.2	9.4
Av. hours proprietor works per non-cruiseship day	9.0	9.2	10.4	9.5
Av. hours proprietor works per cruiseship day	10.8	9.2	10.7	9.7
Av. number of days outlet open per week[b]	5.4	5.5	5.9	5.8

[a] Normal trading hours are 5.5 days per week, 9 hours.

[b] Includes calculations for weekend cruiseship visits and weekend trading hour regulations.

Source: Field survey 1977, estimates.

Another response by retailers to acute competition has been the injection of aggressive, and occasionally offensive, mannerisms into their price negotiations with tourists. Shop assistant-

Footnote 21 continued

level. Retailers were then induced to purchase the item and sell in line with the wholesaler's price of $20 per item. For every 20 cassette players sold, a retailer would receive one free. Thus by purchasing 20 units a retailer was able to sell each unit for $19 — a profit margin of 5 per cent on a relatively cheap item. Retailers selling the item at the old price of $36 were clearly made uncompetitive.

tourist interaction is conducted with resort to stereotypes of each other's mode of behaviour. Retailers typically perceive tourists as very affluent,[22] occasionally prepared to purchase poor quality merchandise and, most importantly, unappreciative of the pressures imposed upon retailers from high wholesale prices and excessive competition. Tourists, on the other hand, are often adversely predisposed towards shop assistants from rumours they have heard regarding the 'acquisitive' and 'surly' nature of Indians. Encouraged by tourist promotion literature and rumours of irresistible bargains, tourists are keen to participate in hard price bargaining — often on the assumption that shopkeepers 'get their stock free' and will attempt to maximize their profit margins through deception.

When Fiji's duty-free market was more buoyant this form of behaviour was of little importance. Both retailers and tourists could come away from a bargaining encounter feeling satisfied with their respective profit margin and bargain price. In a depressed market, however, bargaining became a source of misunderstanding. Tourists notice that Fiji prices are not as low as expected. Retailers are fully aware of how many tourists go to an inordinate number of shops comparing prices. Tourists become convinced that, since quoted prices vary so much, some retailers 'must' be trying to make unfair profits.[23] Retailers, while anxious for a sale and yet restrained by competition and high stock prices, quickly become irritated at the unreasonable negotiating terms by tourists. To make matters worse, many retailers attempt to accommodate tourists by initially stating very high prices and then making dramatic price reductions. Tourists who are aware of this may counter with equally low and unrealistic starting prices. Bargaining thus proceeds in an atmosphere of thinly disguised tension. As a consequence, one of the impressions tourists take back home is a negative image of Fiji as a duty-free shopping destination. To the extent that the opportunity to purchase goods at duty-free prices is an attraction, potential tourists will be more inclined to seek holidays in other tourist destinations such as Southeast Asia.

To summarize, it is fair to say that the marketing structure under which Indian retailers operate severely restricts the financial benefits they receive. In descending order of importance the control over commercial power and capital accumulation lies with overseas manufacturers, overseas regional

---

[22]A not uncommon tourist purchase of duty-free items may exceed \$1500 — more than a shop assistant's net, and often gross, annual wages.

[23]For one Nikon camera model with a wholesale price of around \$450, observed shop prices varied from \$485 to \$834 (with identical lens and viewfinder). For a Nikkormat camera with a wholesale price of \$340 the range was from \$390 to \$650 (May 1977).

distributors, Fiji based importing/wholesaling companies, large tourist retail shops and, finally, small family owned retail enterprises. As one would expect, this differential allocation of marketing leverage is borne out in the pattern of income distribution between these enterprises.

Distribution of tourist shopping sector receipts.[24] It is commonly assumed in Fiji that Indians are the major beneficiaries of the tourist shopping sector. This belief is founded on the prevalence of Indian shops. Owning 92.7 per cent of retailing firms, Indians were responsible for 88.2 per cent of sector retail sales (Table 5.11). Foreign-European owned retail enterprises, accounting for 5.9 per cent of firms, generated 11.1 per cent of sector sales. The remaining 0.7 per cent of sales was from the three Chinese and Fijian firms. Given the organization of this sector, however, the more appropriate patterns of income distribution are based on firm size and function. Using volume of retail sales turnover as a measure of size, 83 firms in 1977 had an annual turnover of less than $100,000 (Table 5.12). These accounted for 54.2 per cent of all enterprises and only 17.2 per cent of total retail revenues. Conversely, 18 firms had turnovers in excess of $100,000 and represented 12.1 per cent of firms and 46.1 per cent of retail turnover. This asymmetry was directly related to the activities of importers. Nearly 80 per cent of all importing firms were found in the two largest firm size categories with seven of the nineteen firms responsible for 63 per cent of duty-free imports. (These seven firms had an annual turnover of over $1,000,000.) At the other end of the scale, 81.6 per cent of duty-free retailers, 100 per cent of souvenir shops, and 75 per cent of artisan shops were in the smaller firm categories.

In relation to the functions of firms, seventeen importing companies (11.3 per cent of all firms) accounted for 39.3 per cent of total retail turnover whereas retail enterprises (68.9 per cent of firms) generated 53.8 per cent of sales. The souvenir and artisan shops together accounted for 19.8 per cent of firms and generated only 6.9 per cent of turnover. In descending order, therefore, income accrued to importers, duty-free trade retailers, then souvenir and artisan shops (Table 5.13).

This breakdown of sector turnover hides other important patterns. As stated, the principal determinant of retail prices

---

[24]In detailing the distribution of income in this sector there is a difference between the annual total income generated from retail sales and that generated by all intermediaries operating in the sector. In actuality, the difference between these two turnover figures is relatively small and largely represents the value of indented stock not sold by importers at the end of a year.

Table 5.11

Tourist shopping sector: distribution of retail sales turnover by firm ownership categories, 1977

Ownership category	Number of firms	Percentage of firms	Gross retail turnover	Percentage of retail turnover
Foreign-European[a]	5	3.3	2,462,400	9.4
European	4	2.6	449,600	1.7
Indian	140	92.7	23,100,000	88.2
Other	3	2.0	178,000	0.7
Total	151	100.0	26,190,000	100.0

[a]Excludes two non-retailing firms.

Source: Field survey 1977, estimates.

Table 5.12

Tourist shopping sector: distribution of retail sales turnover by size and type of firm, 1977

A.

Size of firm: gross sales $'000	Number of firms	Percentage of firms	Gross retail turnover	Percentage of turnover
1-100	83	54.2	4,514,900	17.2
101-200	32	20.9	4,664,000	17.8
201-300	20	13.1	4,932,000	18.9
301-2,000+	18	11.8	12,075,500	46.1
Total	153	100.0	26,190,000	100.0

B.

Size of firm: gross sales $'000	Percentage of firm type in each firm size group			
	Duty-free importers	Duty-free retailers	Souvenir shops	Artisan shops
1-100	-	54.4	92.3	75.0
101-200	21.0	27.2	7.6	-
201-300	42.1	11.7	-	-
301-2,000+	36.8	6.8	-	25.0
Total	100.0	100.0	100.0	100.0

Source: Field survey 1977, estimates.

in Fiji have been metropolitan supply companies. If one separates out the value of imported stock from retail turnover it becomes evident that these metropolitan companies have been the principal beneficiaries of Fiji's tourist shopping sector. The c.i.f. value of indented stock was estimated at $15,200,000 in 1977. This value accrued to foreign stock suppliers and transport companies (Table 5.14). In other words, 58.0 per cent of sector turnover was directly lost to Fiji.[25] Of that portion remaining, 25.5 per cent went to duty-free importers in lieu of an estimated average net mark-up[26] of 40 per cent on indented stock costs, 10.6 per cent to retailing firms from an average 11.0 per cent negotiated gross profit margin, and finally, a minimum 5.8 per cent[27] to government in the form of the 10 per cent fiscal tax.

Table 5.13

Tourist shopping sector: distribution of retail sales turnover by subsectors, 1977

Subsectors	Number of firms[a]	Percentage of firms	Gross retail turnover	Percentage of retail turnover
Duty-free importer	17	11.3	10,295,100	39.3
Duty-free retailer	104	68.9	14,092,000	53.8
Souvenir shops	26	17.2	1,353,000	5.2
Artisan shops	4	2.6	449,900	1.7
Total	151	100.0	26,190,000	100.0

[a]Excludes two non-retailing importing firms.

Source: Field survey 1977, estimates.

Of that income retained by duty-free and souvenir retailers a significant proportion was generated by retail outlets owned by foreign-European importing companies. Disaggregating sector turnover data one step further, the extent of foreign participation in the tourist shopping sector is shown to parallel that in the accommodation, travel and tour sectors (Table 5.15). In addition to the $15,200,000 that went to metropolitan supply and transport companies, a further $2,928,362 came from the retail

[25]Because of different sources of stock, this discussion excludes artisan shops unless otherwise stated.

[26]That is, after discount and rebate deductions.

[27]In reality, this figure would be higher since many tourist goods have imposed duties of over 10 per cent.

outlets of foreign-European owned importing companies. Of gross sector income in 1977 an estimated 69.2 per cent accrued to Fiji and overseas based foreign companies. Deducting locally retained wages, salaries and company taxes, foreign interests were left with an estimated $16,888,117 or 64.6 per cent share of duty-free and souvenir trade turnover. An estimated 35.7 per cent or $9,357,665 was retained by Fiji interests.

Table 5.14

Tourist duty-free and souvenir trades: distribution of retail turnover by sector intermediaries, 1977

Intermediary	Retained gross income ($)	Percentage of gross income
Metropolitan stock supplying companies	14,440,000[a]	55.1
Transport costs (5 per cent)	760,000[a]	2.9
Government fiscal tax (min. 10 per cent)	1,520,000	5.8
All importing firms (40 per cent cost margin)	6,688,000	25.5
All retailing outlets (11 per cent cost margin)	2,782,000	10.6
Total	26,190,000	100.0

[a]Estimates from field surveys put the gross value of stock held by duty-free and souvenir trading firms at $15,200,000. This stock represents that indented and wholesale stock purchased from approximately June 1976 to June 1977. The $760,000 allocated to transport costs represents 5 per cent of this 1976-77 stock value total. It should be noted that this $15.2m does not include unsold stock held in warehouses by import companies.

Source: Field survey 1977, estimates.

The distribution of this remaining income among local interests reveals the role that the tourist shopping trade has played within the national economy. Of this retained income, 53.9 per cent or $5,041,859 went to the government[28] (Table 5.16). The source of these government revenues was consistent with the public sector's dependence on import duties and income taxes for its domestic capital flows. Government gained 19.2 per cent of

[28]That is, from first round tourist expenditures only. No account has been taken here of the multiplier impact of the tourist dollar.

retail sales turnover. A minimum of $1,520,000 was from fiscal taxes, and an estimated $1,038,769 was from foreign owned company taxes. A further $2,178,365 came from taxes on local firms and a minimum of $304,725 from wage and salary taxes. Of the total sector retail turnover, therefore, only $3,326,013, or 12.7 per cent, went to owners of local private capital. A far smaller proportion, 3.8 per cent or less than $1,000,000, was distributed to the 750 persons employed in this sector.[29]

Table 5.15

Tourist duty-free and souvenir trades: proportion of retail turnover retained by foreign-European owned companies, 1977

Intermediary	Retained income ($)	Percentage of retained income
Metropolitan stock supplying companies	14,440,000	55.1
Transport costs (5 per cent)	760,000	2.9
Importing company gross income (calculated to be 40 per cent of gross subsector income)	2,675,200	10.2
Retailing outlet income according to foreign-European importing companies (calculated to be 9.1 per cent of gross subsector income)	253,162	0.9
Subtotal	18,128,362	69.1
Less 33.3 per cent local Company Tax	975,145	3.7
Less 99 wages and salaries	265,100	1.0
Subtotal	1,240,245	4.7
Approximate income retained by foreign-European interests	$16,888,117	64.4

Source: Field survey 1977, estimates.

[29]This excludes the 176 persons estimated to be proprietors or members of their immediate family who were employed in sector firms. While most of these latter will be paid a set wage, it is not possible to determine their exact proportion of the sector workforce from available data.

In terms of development goals, it would thus seem that the Fiji duty-free sector is a relatively efficient earner of foreign exchange for government. It is unlikely that government takes a 20 per cent income share from any other part of the country's tourist industry. At a more superficial, but no less important political level, the salient feature of this distribution pattern was the division of income between foreign interests and Fiji's racial groups (including artisan shops — Table 5.17). Over 63 per cent of total retail income went to foreign companies. Regarding shares retained by locals the discrepancy between Indian proprietorship of sector enterprises and their estimated incomes becomes clear. While owning 91.0 per cent of all firms Indians were responsible for only 12.1 per cent of gross retail turnover. The income generated by European artisan shops was 1.0 per cent (though this includes an estimated $203,624 flowing on to European, Indian and Fijian handicraft suppliers).

This evaluation of the tourist shopping sector serves to demonstrate one important generalization. To facilitate their market dominance, large (metropolitan) 'formal sector' enterprises act to 'conserve' and restructure the operations of local petty capitalist sectors (McGee 1978). Once small firms became incorporated into this sector they were subject to market proceses which place them in a dependent and subordinated role. The dominant foreign and importing enterprises were unable, or unwilling, to compete with retail enterprises (with their low labour and overhead costs). Instead importers controlled the market through wholesaling and distribution. Stock was priced high enough to generate 'adequate' incomes for importers, yet low enough to allow minimum incomes for retailers through their bargaining with tourists. Retailers act as market outlets for importers and, as such, provide the means whereby importers derive the maximum degree of capital accumulation the market will bear without completely undermining the attraction that duty-free shopping has for tourists. This contention is strengthened when it is realized how restrictive were retailers' levels of capital accumulation. Duty-free and souvenir retailers combined achieved an estimated gross profit of $2,528,838 in 1977: deducting company taxes, wages and salaries left $1,091,075. A further deduction for other running costs left $506,075.[30] This represented an average income of $3893 for each of the 130 family owned retail enterprises. Without doubt each of the proprietors and family assistants earned far less than this.[31] Such remuneration

[30]The average rent and rate payments by these firms was $4200 per annum (field survey, 1977). Yearly cost of utilities was estimated at $300 per firm.

[31]Duty-free retailing enterprises were commonly owned by more than one family member.

compared to the cost of living in Fiji was unacceptable to many shop owners.

The tourist handicraft sector[32]

Browsing and bargaining for handicrafts among Fiji's markets is publicized in tourist promotion literature as an integral part of a Fiji holiday. The importance of handicrafts, however, goes beyond being a curious and exotic shopping attraction for tourists. These 'informal' or simple commodity activities materialize out of the opportunities created by large-scale tourism capital. In turn, the reasons indigenes resort to handicraft vending lie partly in economic conditions outside the tourist industry. In 1977 there were an estimated 552 handicraft enterprises employing 795 vendors. Almost all vendors were either Fijians or Indians. For these people handicraft vending is a major employment outlet in a country which has insufficient wage earning work places. Most vendors (80 per cent) were school leavers, previously unemployed, or housewives (Table 5.18). Perhaps more revealing, of Fijian and Polynesian vendors, most were women and confined to 'domestic duties' (80 and 60 per cent respectively). For Indians on the other hand, 60 per cent, primarily males, were either school leavers or had been unemployed. It would seem that for Fijians handicraft vending is 'women's work', while for Indians it is an essential means of employment in an otherwise increasingly tight labour market. This is in fact true for Indians (Table 5.19) but a misleading explanation for the preponderance of Fijian women. Over 60 per cent of Indian vendors had little alternative employment choices, and another 32 per cent were seeking better employment conditions. By comparison over half of Fijian vendors (all women) undertook vending to supplement the inadequate wages of their husbands, and another 13 per cent resorted to vending to overcome financial difficulties caused by various personal crises in lieu of unavailable social welfare services. In other words, for both races handicraft vending provides an avenue for earning a little income for many of those unable to participate fully in the limited capitalist sector of the Fiji economy. At the same time over 20 per cent of vendors had specific cash targets indicating that vending is also a means for those living in rural villages to supplement their largely subsistence state with some cash income.

Types of handicraft vendors. Of the 795 individuals employed[33] as handicraft sellers, 68.6 per cent were Fijians,

---

[32] See Appendix 4 for field survey methodology.

[33] No exact figure of the numbers of individuals or enterprises was possible due to the infrequency and impermanance of some vendor operations. This figure represents the approximate number of enterprises that were operating during an average month.

28.6 per cent Indians, and 2.7 per cent Polynesians[34] (Table 5.20). Over 38.0 per cent were males and 61.8 per cent were females. The most important subgroups within this population were the 317 Fijian female and 146 Indian male vendors who together constituted 83.7 per cent of all proprietors.

Table 5.16

Tourist duty-free and souvenir trades: proportion of retail turnover retained by Fiji national interests, 1977

Intermediary	Retained income ($)	Percentage of retained income
Government revenues:		
Fiscal taxes (a minimum 10 per cent)	1,520,000	5.8
Company, wage and salary taxes from foreign-European firms	1,038,769	4.0
33.3 per cent company tax from Fiji firms	2,178,365	8.3
24.0 per cent wage and salary taxes from Fiji firm employees	304,725	-
Subtotal	5,041,859	19.2
Fiji importing firms' income: Calculated to be 60 per cent of subsector turnover (less wage, salary and company taxes)	2,234,938	8.5
Fiji retailing firms' income: Calculated to be 90.9 per cent of subsector income (less wage, salary and company taxes)	1,091,075	4.2
Net wage and salary incomes of employees of all firms:	989,793	3.8
Subtotal	4,315,806	16.5
Grand total	9,357,665	35.5

Source: Field survey 1977, estimates.

[34]For convenience this category of Polynesians includes one Chinese vendor.

Table 5.17

Tourist shopping sector: summary of distribution of gross turnover, 1977

Intermediary	No. of firms	% of firms	Income share ($)	Percentage of income
Indian owned firms[a]	139	90.8	3,226,440	12.1
Foreign-European duty-free firms	6	3.9	1,688,117	6.3
European owned artisan shops[a]	5	3.3	88,293	0.3
Chinese and Fijian owned firms[a]	3	2.0	11,280	0.1
Net wage and salary income of approximately 750 employees[b]	-	-	989,793	3.7
Fiji government revenue[c]	-	-	5,232,353	19.6
Fiji-based stock suppliers	-	-	203,624[d]	0.7
Overseas stock supplier and transport companies	-	-	15,200,000	57.1
Total	153	100.0	26,639,900	100.0

[a]Excludes taxes, wages, salaries and stock costs.

[b]Excludes those related to the proprietor of firms they work for.

[c]Includes taxes from artisan shops ($190,494 est.).

[d]Stock held by artisan shops.

Source: Field surveys 1977, estimates.

There are five groups of artifacts sold to tourists. First are authentic Fijian crafts based on traditional designs, made by either traditional or modern methods, such as masi cloth and 'kava' bowls. Second are unauthentic 'Fijian style' tourist handicrafts again made using traditional artisan skills. Third are contemporary handicrafts, notably jewellery and wooden items, designed specifically for the tourist trade and produced on a mechanized and/or mass production basis. Fourth are imported handicrafts from Southeast Asia, India and other Pacific islands. Finally, there is a variety of natural items, such as turtle shells and sea shells, of interest to tourists. The sale of these artifacts is organized on a racial basis. Fijian vendors specialize in mat and basketware items, simple shell necklaces, and contemporary styled woven crafts. Indian vendors typically sell shell jewellery, locally made imitation jewellery and imported jewellery. Polynesian vendors concentrated on mats, basketware and other woven items such as purses, toys and slippers (Table 5.21).

Table 5.18

Tourist handicraft sector: previous occupations of handicraft vendors, 1977
(percentages)

Prior occupation	Fijians	Indians	Others	Males	Females	Total
Domestic duties	79.2	4.8	57.1	-	85.8	51.2
Primary, secondary school	5.8	31.4	14.3	30.3	4.7	15.5
Unemployed	4.0	28.6	-	26.2	3.0	12.7
Tradesman	0.6	7.6	7.0	8.2	-	3.4
Wage employment	2.3	9.5	-	11.5	0.6	5.1
Farmer	-	1.0	-	0.8	-	0.3
Cottage industry and piece work	0.6	1.0	7.0	0.8	1.2	1.0
Other	2.9	6.7	-	7.4	1.2	3.8
Total[a]	95.4	90.6	85.4	85.2	96.5	93.0

[a]Table excludes 'Don't know' and 'No Data' responses to survey questions. Number of completed responses = 271.

Source: Field survey 1977.

There are three main reasons for this pattern. The skills employed by Fijian women (83.6 per cent of Fijian vendors) are restricted to hand weaving techniques.[35] Fijian women have also shown a reluctance to deviate from a few traditional and contemporary artifact styles which are considered, often erroneously, to be 'what tourists like', although this is partly a function of the diversity of tourist tastes. It is also associated with a

[35]Within Fijian culture there is a lack of traditional artifacts suitable for tourist souvenir production. There is also a lack of those skills required to finish and design certain wood products to a high degree of quality. This is a reflection of the fact that Fijian artistic talents were historically directed towards building and canoe construction, ceremonials and their accompanying etiquette, and dance and song forms (Director of the Suva Museum 1977, pers. comm.).

Table 5.19

Tourist handicraft sector: vendors' reasons for selling handicrafts, 1977[a]
(percentages)

Reasons given for participation in sector	Market and other full-time vendors	Periodic market vendors	Fijians	Indians	Total
Joined family stall: no economic or family pressure/alternative or family pressure	16.9	7.5	4.5	25.0	11.6
Unemployed or no other job available	20.3	23.3	10.4	38.0	20.7
To supplement inadequate income of spouse	42.2	33.1	51.9	6.5	39.1
Better employment conditions (including remuneration) than last job	25.3	9.8	7.1	31.5	16.7
Personal interest in handicraft and/or market employment	11.3	9.0	9.7	8.3	9.9
No other means of financial support, widowed, divorced, etc.	9.8	6.8	13.0	-	8.5
Specific or general cash target purposes	12.6	28.6	22.7	13.9	20.4
Other	8.4	3.3	2.9	11.1	5.4

[a]Number of responses = 294. Vendors may have given more than one response.

Source: Field survey 1977, estimates.

Table 5.20

Tourist handicraft sector: number of vending enterprises by marketing areas and proprietorship, 1977

Sex and ethnic characteristics of vendors	Suva No.	Suva %	Coral Coast No.	Coral Coast %	Sigatoka No.	Sigatoka %	Nadi No.	Nadi %	Lautoka No.	Lautoka %	Savusavu No.	Savusavu %	Yasawas, Mamanucas No.	Yasawas, Mamanucas %	National total No.	National total %
Fijian males	21	7.9	0	-	1	16.6	3	12.0	3	3.0	4	10.0	30	3.0	62	11.2
Fijian females	118	44.4	11	73.3	3	50.0	15	60.0	68	68.0	32	80.0	70	70.0	317	57.4
Subtotal	139	52.3	11	73.3	4	66.6	18	72.0	71	71.0	36	90.0	100	100.0	379	68.6
Indian males	106	39.8	1	6.7	2	33.3	5	20.0	27	27.0	4	10.0	0	-	145	26.3
Indian females	8	3.0	2	13.3	0	-	2	8.0	1	1.0	0	-	0	-	13	2.4
Subtotal	114	42.9	3	20.0	2	33.3	7	28.0	28	28.0	4	10.0	0	-	158	28.6
Other males	2	0.8	1	6.7	0	-	0	-	1	1.0	0	-	0	-	4	0.7
Other females	11	4.1	0	-	0	-	0	-	0	-	0	-	0	-	11	2.0
Subtotal	13	4.9	1	6.7	0	-	0	-	1	1.0	0	-	0	-	15	2.7
Total males	129	48.5	2	13.3	3	50.0	8	32.0	31	31.0	8	20.0	30	30.0	211	38.2
Total females	137	51.5	13	86.7	3	50.5	17	68.0	69	69.0	32	80.0	70	70.0	341	61.8
Total	266	100.0	15	100.0	6	100.0	25	100.0	100	100.0	40	100.0	100	100.0	552	100.0

Source: Field survey 1977, estimates.

reluctance by Fijian vendors to spend much time and effort to produce crafts. Since the majority of Fijian women sell crafts to supplement their husbands' incomes or to reach cash targets, emphasis is placed on items, such as simple woven goods or carved artifacts, which can be produced as quickly, easily and as cheaply as possible. Unlike Fijians who make most of their stock, Indians sell artifacts purchased from a small number of handicraft manufacturers and importers (see below). In addition, nearly half of Indian vendors make their own jewellery lines from a standardized range of imported semi-processed materials. Such specialization of stock has created a relatively narrow range of products sold by vendors of each racial group. This has induced severe competition between vendors of the same race and encouraged exaggerated price haggling by tourists. This in turn is one cause of low monetary returns to vendors (see below).

There are five types of handicraft vending enterprises: permanent market vendors, semi-static street vendors, periodic vendors responding to the cruise-ship passenger market, village stalls, and mobile street hawkers (Table 5.22). Market vendors sell handicrafts from permanent local council produce markets in Suva,[36] Sigatoka and Lautoka.[37] A further cluster of these vendors is located on Nadi's main shopping street. By paying a minimum fee vendors could reserve stalls on an indefinite basis. The greater proportion of market vendors sell full time, although in many instances stalls were held collectively by a family or group of friends working on a part-time basis. The data show that 73.0 per cent of market vendors were found in Suva and 13.8 per cent in Nadi. The remainder were located in Lautoka and Sigatoka. Nearly half the proprietors were Fijian females and 32.0 per cent Indian males. Periodic vendors accounted for 42 per cent of the estimated total of 552 handicraft selling enterprises.

Permanent or demountable village stalls were found in villages along the Queens Highway linking Suva to Nadi or adjacent to tourist hotels and resorts. The former are concentrated near Deuba, Naviti and Korolevu. The latter are found at Korolevu, Korotoga and Cuvu on Viti Levu, and at Malolailai, Castaway and Mana Islands offshore from Nadi. Some villagers in the Yasawa Islands sold handicrafts to tourists on a boat cruise operating out of Lautoka. Over 96.0 per cent of these vendors were Fijians.

---

[36]This pattern has now changed in Suva, where a separate handicraft market was built in 1979 to overcome a shortage of space in the produce market.

[37]Vendors operate from Monday to Friday inclusive. They are obliged to vacate their stalls after noon Friday to Sunday evening in deference to fruit and vegetable vendors.

Table 5.21

Tourist handicraft sector: percentage of enterprises selling handicraft types, 1977

Type of handicraft sold	Enterprise (%) Fijian	Indian	Polynesian	All
Traditional Fijian styled handicrafts:				
Wooden canoes, bowls etc.	19.4	25.9	28.6	22.3
Mats and basketware	41.2	13.4	71.4	32.1
Shell necklaces	44.7	10.7	35.7	31.4
Masi cloth	6.5	2.7	35.7	6.4
Contemporary 'Fijian styled' handicrafts:				
Wooden masks, swords, etc.	30.0	33.0	21.4	30.7
Woven purses, novelties, etc.	67.6	7.1	92.9	45.9
Shell jewellery	8.8	55.4	7.1	26.4
Locally made contemporary handicrafts:				
Wooden carvings, novelties, tableware	3.5	25.9	7.1	12.2
Tortoise shell and imitation jewellery	4.1	64.3	-	26.7
Imported handicrafts:				
Basketware and other woven goods	1.2	0.9	14.3	1.7
Novelties, souvenirs	1.2	7.1	7.1	3.7
Necklaces	-	5.4	-	2.0
Tortoise shell and imitation jewellery	3.5	47.3	-	19.9
Other items: (sea, turtle shells, etc.)	12.5	14.2	14.3	13.5

Source: Field survey 1977, surveyed enterprises only.

Mobile street hawkers were found primarily in Suva. An estimated 10-15 male Fijians at any one time sold a variety of wooden model canoes, masks and swords to tourists browsing among duty-free, souvenir and artisan shops. Often in groups of two to five individuals, hawkers operated within territorial limits, thus reducing competition between groups. When a cruise-ship was in port the number and types of hawkers increased. A typical day would see approximately eight Fijians selling wooden canoes, another 12-15 selling masks and swords, 5-10 Fijian youths and primary school children selling flower garlands, and at least five

Table 5.22

Tourist handicraft sector: numbers of vending enterprises by types and marketing regions, 1977

	Permanent market vendors (1)		Semi-static street vendors (2)		Periodic (cruiseship) vendors (3)		Village stalls (4)		Totals (5)	
	No.	%	No.	%	No.	%	No.	%	No.	%
Ownership categories:										
Fijian males	16	8.8	0	-	16	6.9	30	26.1	62	11.2
Fijian females	87	48.0	23	95.9	126	54.3	81	70.4	317	57.4
Subtotal	103	56.9	23	95.9	142	61.2	111	96.5	379	68.7
Indian males	58	32.0	1	4.1	85	36.6	1	0.9	145	26.3
Indian females	7	3.9	0	-	4	1.7	2	1.7	13	2.4
Subtotal	65	35.9	1	4.1	89	38.4	3	2.6	158	28.6
Other males	2	1.1	0	-	1	0.4	1	0.9	2	0.4
Other females	11	6.0	0	-	0	-	0	-	11	2.0
Subtotal	13	7.1	0	-	1	0.4	1	0.9	15	2.7
All males	76	42.0	1	4.1	102	44.0	32	27.8	211	38.2
All females	105	58.0	23	95.9	130	56.0	83	72.2	341	61.8
Total	181	100.0	24	100.0	232	-	115	100.0	552	100.0
Marketing regions:										
Suva	132	72.9	24	100.0	110	47.4	0	-	266	48.2
Coral Coast	0	-	0	-	0	-	15	13.0	15	2.7
Sigatoka	6	3.3	0	-	0	-	0	-	6	1.1
Nadi	25	13.8	0	-	0	-	0	-	25	4.5
Lautoka	18	9.9	0	-	82	35.3	0	-	100	18.1
Savusavu	0	-	0	-	40	17.3	0	-	40	7.2
Yasawa, etc.	0	-	0	-	0	-	100	87.0	100	18.1
Total	181	100.0	24	100.0	232	100.0	115	100.0	552	100.0

Source: Field survey 1977, estimates.

Fijian and Indian youths acting as paid 'shopping guides'.[38] There was also a smaller number of 'sword sellers' in Lautoka and Nadi, although these were usually individuals from Suva taking advantage of visiting cruise-ships.[39] While 30-40 individuals were classified in this group, a significant proportion of them were members of families of vendors operating permanent market and periodic handicraft stalls.

In summary, 48.2 per cent of handicraft enterprises of all types were found in Suva, 18.1 per cent in Lautoka and a similar proportion in rural villages near tourist resorts. Of all vendors, 68.7 per cent were Fijians, and 28.6 per cent Indians.

Scale and organization of handicraft enterprises. Widening the discussion to describing the scale, function and mode of operation of handicraft sector enterprises, it is necessary to include sixteen other enterprises which produce a range of handicrafts, souvenirs and novelties. Four of these enterprises were Indian and one Polynesian owned family business, five were (or were part of) larger European owned companies, two were Fijian co-operative ventures, one was a village enterprise, and three were Fijian managed secular and church-run organizations. (The latter three enterprises produced handicrafts made by trainees undergoing a variety of educational and vocational courses.) Two of the Indian, and three European firms, were large-scale mechanized manufacturers of handicrafts. Products were retailed through vendors, producers' own display outlets,[40] and, in the case of the four Indian firms, from permanent and periodic stalls run by the firms' proprietors.[41]

The significance of these sixteen enterprises to the marketing structure of this sector is two-fold. The manufacturers

---

[38]These figures relate to hawkers selling in Suva's shopping streets. A larger number, comprising permanent market and periodic vendor assistants, swarm tourists at the wharf gates.

[39]Because of their itinerant and part-time nature, no interview data were collected from this group. They were characteristically reluctant to disclose information on their vending activities because of their subjection to police harassment and adverse press publicity.

[40]A considerable proportion of sales was also generated through tourist shopping sector retail outlets. One firm, Tiki Togs Handicrafts Co. Ltd, retailed stock through this sector from its own shops. All retailing activity of this firm is therefore included in the analysis of artisan shops.

[41]For convenience, these sixteen producer and manufacturing enterprises *together* are referred to as producers for the remainder of this chapter. The term manufacturers is reserved for the five mass production companies only.

in particular have an important impact on product specialization among Indian vendors. Because a small minority (9 per cent) of these vendors made all their own craft (see below), the design, quality, market appeal, and price of most wooden and jewellery crafts were determined by the five handicraft manufacturers. These firms also affect Fijian vendors by influencing the styling of 'modern' styled carvings, masks and other wooden crafts. The other main attribute of manufacturers is that they siphon off part of the limited capital generated by handicraft vendors into the fully capitalist sector of the Fiji economy (see below).[42]

Several generalizations can be made regarding handicraft enterprises as a whole. There is a fundamental difference in organization between vendors and producers in the utilization of labour. Of persons employed on vending stalls (excluding village stall vendors), 88.4 per cent belonged to stall proprietors' families; a further 8.5 per cent were friends, acquaintances, and other relatives of the proprietor. Only 3.0 per cent were wage-earning sales assistants.[43] By contrast, 84.2 per cent of handicraft producer employees were wage labourers: of the European companies, 96.7 per cent of their labour force were wage earners; of Indian and Fijian enterprise employees 70.6 per cent were wage earners, 24.7 per cent were full-time or piecework labourers, and 27.1 were the proprietors themselves.

Aside from the conventional hours of manufacturing enterprises, there were differences in operating times of different vendor types. Market vendors are restricted to a four-and-a-half day week and a nine-hour day while periodic vendors operate only when cruise-ships are in port. Almost all periodic vendors worked every cruise-ship day: in 1977 the periodic markets functioned for 95 days in Suva, 21 days in Lautoka and 9 days in Savusavu. Periodic vendors worked an average 12.9 hour day (with Indian vendors averaging 14 hours). Differences in working hours influences time spent on the production of handicrafts. Since most Indian vendors purchased stock from wholesalers, little time was spent producing crafts. The opposite was true of other vendors: 60.5 per cent of Fijians and 25.0 per cent of Polynesian permanent market vendors combined selling with the production of handicrafts. An additional average of ten and four hours a week making crafts at home were spent by over a third of both Fijians and Polynesians. Periodic vendors have less opportunity

[42]The remaining 11 'handicraft producers' sold most of their crafts through their own outlets. In some cases, particularly the secular and church organizations, stock is sold by individual trainees either independently to handicraft vendors or directly to tourists.

[43]Half of these were employed on stalls owned by Indian proprietors of manufacturing companies, or vendors specializing in wholesaling stock to other vendors.

during selling hours to make their own wares. Only 35.1 per cent of Fijians and no Polynesians combined these two activities. Instead, handicrafts were made on days immediately preceding the visit of a cruise-ship. Of the Fijian vendors, 59.5 per cent spent an average 15.6 hours a week producing crafts at home. Polynesian periodic vendors averaged 2.0 hours a week. Hence another difference between vendors was that Indians had made only 18 per cent of their total stock compared to Fijians who made 74 per cent (Table 5.23). An estimated 82.3 per cent of the Indian held stock was purchased from Indian craftsmen, handicraft manufacturers, and imitation jewellery importers (Table 5.24). The remainder of Fijian stock was purchased from Fijian town and village craftsmen and importers, particularly imported basketware from Pacific island countries. Polynesian vendors also purchased additional stock from Fijian craftsmen. Irrespective of vendors' location, most stock was purchased from Suva suppliers. Of the vendors residing outside the capital, over half purchased stock from Suva manufacturers and wholesalers (Table 5.25).

The other main difference between handicraft enterprises lies in the scale of operation (as measured by the value of inventory stock).[44] In addition to the obvious difference between vending and producer enterprises, there is a basic contrast between Indian and Fijian vendors (Table 5.26). Average stock values held by Indians and Fijians were $406.8 and $116.8 respectively. This is an indication of the entrepreneurial commitment by Indians in the context of few employment alternatives and the tentative, 'experimental' nature of Fijian vendor involvement. Permanent vendors averaged stock values of $268 compared with $167.6 for periodic vendors. Street and village stall vendors averaged $55.9 and $36.0 worth of stock each. There was also a sub-group of Suva permanent market vendors (eight Fijians and seventeen Indians) who made, then wholesaled, stock to other vendors. This 'elite' group had stock values one and a half times greater than market vendors as a whole with one Indian proprietor having over $2000 of inventory stock. These variations in size, and their differences in trading days, determined the income generating potential of each enterprise type.

Distribution of tourist handicraft sector receipts. The generation of income in the handicraft sector is hampered by several factors, in particular the small size of enterprises, severe inter-vendor competition, vendor inexperience, and the decline in tourist numbers. In addition, most vendors sell goods of poor quality and often crass design. What is more the lack of creative initiative among vendors and the sale of imported

---

[44]The assumption is made here that a similar rate of stock turnover exists for each enterprise type.

Table 5.23

<u>Tourist handicraft sector: percentage of handicrafts made by vendors, 1977</u>[a]

Vendor category	Vendors making none of their stocked items	Vensors making all of their stocked items	Vendors making some of their own stock		Average of own stock carried by all vendors
			% of vendors	% of stock	
Permanent market vendors:					
Indian	50.0	12.5	37.5	40.0	27.5
Fijian	9.8	31.7	58.5	54.3	63.5
Polynesian	8.3	50.0	41.7	61.4	75.6
Total	23.2	26.8	50.0	51.2	52.3
Periodic vendors:					
Indian	80.8	7.7	11.5	32.5	11.4
Fijian	6.9	76.4	16.7	69.6	88.0
Polynesian	0.0	100.0	0.0	-	100.0
Total	37.6	48.0	14.4	57.2	56.2
Market *and* periodic vendors:					
Indian	62.9	9.3	22.2	38.1	17.7
Fijian	8.3	51.9	38.5	57.4	74.0
Polynesian	7.6	53.8	38.5	61.4	77.5
Total	29.6	35.4	32.1	52.4	52.2

[a]Village stall and semi-static vendors have been excluded since virtually all of their stock is made by the vendors themselves or the vendors' families.

<u>Source</u>: Field survey 1977, estimates.

Table 5.24

Tourist handicraft sector: origin of vendor's finished stock by vending enterprise type, 1977[a]
(percentages)

Origin of stock	Percentage of vendors purchasing stock from suppliers							
	Permanent market and semi-static street vendors				Periodic cruise-ship vendors			
	Fijian	Indian	Polynesian	Total	Fijian	Indian	Polynesian	Total
Stock made by self or family	89.6	53.1	84.6	78.3	91.8	23.6	100.0	60.0
Fijian village craftsmen	20.8	26.5	16.7	22.3	1.4	5.5	-	3.0
Fijian town craftsmen	26.3	42.9	25.0	28.7	12.3	16.4	-	13.3
Indian craftsmen	2.5	57.1	8.3	19.7	4.1	20.0	-	10.4
Handicraft manufacturers	2.5	36.7	-	12.7	4.1	60.0	-	26.7
Importing and other wholesalers	30.0	14.3	16.7	21.0	13.7	45.5	-	25.9

[a]Including semi-static street vendors: data base for this table therefore differs slightly from that of Table 5.23 (see its footnote a).

Source: Field survey 1977, estimates.

Table 5.25

Tourist handicraft sector: regions where vendors obtained finished stock, 1977
(percentages)

Region where stock purchased	Permanent market vendors				Periodic vendors		Semi-static vendors
	Suva	Sigatoka	Nadi	Lautoka	Suva	Lautoka	
Suva, Rewa, and Tailevu	98.9	66.7	85.7	58.8	97.4	45.1	100.0
Coral Coast	9.3	83.3	-	-	1.3	-	-
Vatulele and Lau Islands	11.3	33.3	4.8	-	2.6	3.9	-
Nadi, Lautoka	2.1	-	23.8	82.4	-	72.6	-
Vanua Levu, Taveuni	4.1	-	-	-	-	-	-
Indented from overseas	5.2	-	19.0	-	25.6	3.9	-

Source: Field survey 1977, estimates.

Table 5.26

Tourist handicraft sector: value of stock held by subsectors and ownership category, 1977

	Average value of stock held per enterprise ($)			
	Fijian enterprises	Indian enterprises	Other enterprises	All enterprises
Vendors				
Permanent market	168.4	517.4	163.4	268.0
Permanent market wholesalers	207.6	509.9	–	425.9
Semi-static street	47.6	175.0	–	55.9
Periodic	68.4	311.0	30.0	167.6
Village stall[a]	90.0	18.0	–	36.0
Average vendor	116.8	406.8	153.2	221.9
Producers[b]	10,667	2,575	14,916	10,237

[a] Excludes Savusavu, Yasawa and Mamanuca vendors.

[b] Total Fijian producers' stock value was $64,000 from six enterprises, of which $60,000 was held by one Suva retail co-operative. Total Indian producers' stock value was $10,300 from four firms of which $5000 was held by one firm. Total 'Other Producers' stock value was $89,500 — $4500 of this being held by one Polynesian firm, the remainder by five European firms. Of this $85,000, $55,000 was held by one firm which retailed its stock through its own tourist shopping sector outlets. Excluding this firm, average stock value for the five 'other' firms was $6900.

Source: Field survey 1977, estimates.

crafts added to their poor market performance. Many designs by Fijians, for example, are copied from Southeast Asian and other Pacific island artifacts and crafts made by local European women. Tourists find many of these designs available in Australia and New Zealand handicraft shops. Imported products sold by Indians are similarly available, particularly in Australian department stores.

It is common for some vendors to go several days and not make a sale. Of the estimated 181 permanent market vendors 13.0 per cent grossed $10 or less a week, and 15.5 per cent of the 232 cruise-ship vendors regularly earned $5 or less each trading day. Fijian carvers working from roadside co-operatives would often make no sales for over a month at a time: their average income ranged from $20 to $30 per month. To balance this picture, many other vendors made reasonable incomes. Among racial groups the average annual incomes, in descending order, were an estimated $2840 for Indians, $2006 for Polynesians, and $1133 for Fijians. Similar variations were evident between enterprise types: $2548 for market vendors, $1439 for periodic vendors, $1205 for village stall vendors, and $746 for Suva's street vendors (Table 5.27).

The degree of competition, the size and composition of enterprises, and frequency of cruise-ship visits meant considerable variations in incomes between urban areas. Thus for permanent market vendors gross income varied from $2680 in Suva to $1421 in Sigatoka. For periodic vendors, incomes in Suva were $2188, and $193 in Savusavu. Total urban handicraft vending turnover was an estimated $752,639 (Table 5.28). Over half of this was generated by market vendors, 43.6 per cent by periodic vendors, and 3.9 per cent by street vendors. Indian vendors accounted for almost two-thirds of this total, Fijians one-third and the remaining 3.5 per cent Polynesians. At a national level 78.2 per cent of this urban income was generated in Suva, 0.6 per cent in Sigatoka, 5.4 per cent in Nadi, 15.3 per cent in Lautoka, and a mere 0.5 per cent in Savusavu.

The composition of enterprise types in rural areas was responsible for a quite different distribution pattern. Of the estimated $292,184 earned by rural vendors 23.4 per cent was from market vendor sales, 4.3 per cent from cruise-ship vendor sales, and, most importantly, 72.3 per cent from village stalls. Virtually all rural income was earned by Fijians (0.9 per cent went to Indians). Villagers living adjacent to the four 'tourist towns' were responsible for 29.3 per cent of this income and a further 29.6 per cent was from villagers selling handicrafts at tourist resorts on the Mamanuca Islands and the Coral Coast, and in the Yasawa Islands. The remaining $120,000 (41.1 per cent) went to villagers on Vatulele, Moce, Namuka, Ono-i-Lau, and Kabara from sales to a retail handicraft co-operative in Suva. Residents on these islands have historically been producers of masi cloth, ceremonial wooden bowls and other traditional crafts (Table 5.29).

Table 5.27

Tourist handicraft sector: gross income by vending enterprise type, region and ownership categories, 1977

$

Ownership category	Permanent market vendors					Periodic vendors				Village stalls	Semi-static street vendors	All vendors
	Suva	Sigatoka	Nadi	Lautoka	Total	Suva	Lautoka	Savusavu	Total			
Indian enterprises	4,013.6	2,040.4	3,771.4	1,200.0	3,840.2	2,693.8	1,437.3	270.0	2,217.8	263.3	980.0	2,840
Male	4,227.3	2,040.0	4,200.0	1,200.0	4,405.1	2,688.8	1,443.0	270.0	2,208.6	180.0	980.0	2,920.3
Female	1,920.0	-	2,700.0	-	771.4	2,786.6	1,296.0	-	2,413.9	305.0	-	1,943.5
Fijian enterprises	1,793.2	1,112.5	1,929.2	1,866.7	1,784.5	1,603.5	864.0	185.1	957.5	758.4	1,215.4	1,133.6
Male	4,505.6	2,000.0	2,605.0	-	4,001.1	3,021.6	1,250.0	250.0	1,996.5	795.2	-	1,932.5
Female	1,145.2	816.7	1,785.0	1,866.7	1,376.9	1,299.6	841.8	177.0	825.6	745.7	1,215.4	980.3
Polynesian enterprises	2,115.0	-	-	-	2,115.0	-	700.0	-	700.0	-	-	2,006.2
Male	3,160.5	-	-	-	3,160.0	-	-	-	-	-	-	3,160.0
Female	1,906.0	-	-	-	1,906.0	-	700.0	-	700.0	-	-	1,796.4
All enterprises	2,680.3	1,421.7	2,445.0	1,792.5	2,548.9	2,188.3	1,035.3	193.6	1,439.8	746.0	1,205.6	1,639.0
Male	4,246.4	2,026.7	3,618.8	1,200.0	4,012.5	2,734.9	1,422.3	260.0	2,174.9	775.4	980.0	2,629.8
Female	1,314.0	816.7	1,892.6	1,866.7	1,479.3	1,398.7	847.6	177.0	873.1	735.8	1,215.4	1,042.3

Source: Field survey 1977, estimates.

Table 5.28

Tourist handicraft sector: proportion of vending subsector income generated by urban residents, 1977[a]

Enterprise category	Urban centres					Total	
	Suva $	Sigatoka $	Nadi $	Lautoka $	Savusavu $	No.	$
Market enterprises							
Fijian	72,595	1,850	13,665	1,000	-	98,110	
Indian	216,735	2,880	26,400	29,866	-	275,881	
Polynesian	25,380	-	-	-	-	25,380	
Subtotal	314,710	4,730	40,065	30,866	-	399,371	52.5
Periodic enterprises							
Fijian	78,872	-	-	44,618	3,300	126,790	
Indian	158,933	-	-	37,371	540	196,844	
Polynesian	-	-	-	200	-	700	
Subtotal	237,805	-	-	82,689	3,840	324,334	43.6
Street enterprises							
Fijian	27,954	-	-	-	-	27,954	
Indian	980	-	-	-	-	980	
Subtotal	28,934	-	-	-	-	28,934	3.9
Total							
Fijian	179,421	1,850	13,665	45,618	3,300	252,854	34.0
Indian	376,648	2,880	26,400	67,237	540	473,705	63.7
Polynesian	25,380	-	-	700	-	26,080	3.5
Grand total	581,449	4,730	40,065	113,555	3,840	752,639	
Percentages	78.2	0.6	5.4	15.3	0.5	-	100.0

[a] Excludes income generated by handicraft manufacture.

Source: Field survey 1977, estimates.

Table 5.29

Tourist handicraft sector: proportion of sector income generated by rural residents, 1977

Enterprise category	Suva, Rewa, Tailevu $	Vatulele and Lau Islands $	Coral Coast $	Nadi area $	Lautoka area $	Mamanuca islands $	Yasawa Islands $	Other areas of Viti Levu $	Savusavu area $	Total $	Total %
Market enterprises											
Fijian	42,168	-	2,600	21,060	1,400	-	-	-	-	67,228	
Indian	-	-	1,200	-	-	-	-	-	-	1,200	
Subtotal	42,168	-	3,800	21,060	1,400	-	-	-	-	68,428	23.4
Periodic enterprises											
Fijian	5,814	-	-	-	2,906	-	-	-	3,364	12,084	
Indian	-	-	-	-	-	-	-	-	540	540	
Subtotal	5,814	-	-	-	2,906	-	-	-	-	12,620	4.3
Village enterprises											
Fijian	-	120,000[a]	3,606	-	-	54,750[b]	24,800[b]	7,000[b]	-	210,356	
Indian	-	-	780	-	-	-	-	-	-	780	
Subtotal	-	120,000	4,586	-	-	54,750	24,800	7,000	-	211,136	72.3
Total											
Fijian	47,982	120,000	6,406	21,060	4,306	54,750	24,800	7,000	3,364	289,664	99.1
Indian	-	-	1,980		-	-	-	-	540	2,520	0.9
Grand total	47,982	120,000	8,386	21,060	4,306	54,750	24,800	7,000	3,904	292,184	100.0
Percentages	16.4	41.1	2.9	7.2	1.5	18.7	8.5	2.4	1.3		100.0

[a] Receipts from sales of handicrafts by villagers direct to a Suva based retail co-operative.

[b] Receipts from sales of handicrafts by villagers located in close proximity to tourist hotels and resorts.

Sources: Field survey 1977, estimates; Handicrafts of Fiji Centre Ltd, 1977, unpublished files.

Not all income generated in urban and rural areas was retained by vendors. Of the $1,089,400 accumulated by handicraft producers 19.3 per cent was from handicraft sales to export markets, and 36.7 per cent was from retail sales through one European manufacturer's tourist shopping sector outlets (Table 5.30). Another 8.8 per cent (not detailed in the table) was from producers' sales to tourist shops and 25.5 per cent ($278,298) was retail sales by producers from their own handicraft sector outlets. The remaining $104,652 (27.3 per cent) thus represented wholesale receipts acquired by producers from sales made to vendors. Put another way, 10 per cent of the income generated by petty handicraft vending enterprises accrued to the large producers. Given this linkage between 'manufacturers' and vendors the overall distribution of the domestic retail sales ($1,303,039) was as follows. Producers generated 36.7 per cent of sales and vendors 63.3 per cent. Within the vending sector, 31.7 per cent of sales were made by market vendors and 23.3 per cent by periodic vendors. Suva's street sellers and all village stall enterprises accounted for the remaining 8.3 per cent. An estimated $584,600 (44.9 per cent) was retained by Indians from 28.5 per cent of all enterprises. Fijians acquired 39.2 per cent of receipts (from 67.8 per cent of enterprises), Europeans 11.8 per cent and Polynesians 2.3 per cent (Table 5.31).

To summarize, it can be said that, unlike tourist shops, handicraft enterprises are not dominated by large firms. The key characteristic of this sector is that it provides an essentially marginal service for tourists. In so far as tourists buy crafts as incidental gift and souvenir items, they typically demand cheap products. Using low cost raw materials, simple machines (if they are used at all) and relying on their own or family labour, vendors can meet tourist demands where larger, more capitalized firms could not. It is this factor that accounts for both the low level of 'formal sector' firm presence in this sector and the situation where 568 tourism enterprises generate a mere $1.303 million of gross income. The lack of alternative employment opportunities and other adverse personal circumstances means that vendors accept very low rates of remuneration. This is particularly true for Fijian vendors. Their low expectations, simplistic means of production, and highly competitive market context seriously circumscribes their earning potential. Indian vendors are able to fare somewhat better. Selling items of usually higher use and exchange values, they earn higher incomes. This largely accounts for the observation that while Fijians are numerically the most important ownership group they are unable to acquire a proportionate share of sector income. Indians, as a minority of proprietors, are nevertheless able to dominate the handicraft sector through their greater commercial expertise and capital resources. There is, however, one activity where Fijians are the principal beneficiaries.

Table 5.30

Tourist handicraft sector: gross incomes of handicraft producer enterprises, 1977

Enterprise characteristics	Ownership categories				Total	
	Fijian	Indian	Polynesian	European	No.	%
Number of enterprises	6	4	1	5	16	
Percentage of all enterprises	37.5	25.0	6.3	31.3		100.0
	$	$	$	$	$	
Total retail turnover	122,492	71,906	30,000	453,900[b]	678,298[b]	62.3
Total wholesale turnover	16,308	84,094	-	100,100	200,502	18.4
Total export turnover	84,600	73,000	-	53,000	210,600	19.3
Total turnover	223,400	229,000	30,000	607,000	1,089,400[b]	100.0
Total domestic sector turnover[a]	138,800	156,000	30,000	154,000	478,800	
Percentage of domestic turnover[a]	29.0	32.6	6.3	32.2	-	100.0
Average enterprise turnover[a]	23,133	39,000	30,000	30,800	29,925	-
Largest enterprise turnover[a]	120,000	117,000	30,000	95,000	362,000	75.6
Average turnover excluding largest enterprise[a]	3,760	13,000	-	19,667	10,618	-
Income generated in:						
Suva	135,200	156,000	-	109,000	400,200	83.6
Coral Coast	2,400	-	30,000	-	32,400	6.8
Nadi-Vuda	1,200	-	-	45,000	46,200	9.6
Total					478,800	100.0

[a]Excluding export sales receipts and $400,000 from one European firm retailing solely through tourist shopping sector outlets.

[b]Includes $400,000 from one European firm retailing solely through tourist shopping sector outlets.

Source: Field survey 1977, estimates.

Table 5.31

Tourist handicraft sector: summary of the distribution of gross turnover, 1977

$

Subsector	Total turnover (1)	Less 10% vendor income to 'manufacturers'[a] (2)	Number of enterprises (3)	Percentage of enterprises (4)	Percentage of gross turnover (5)
Enterprise type:					
Market vendors	458,799	412,918	181	31.8	31.7
Periodic vendors	336,954	303,256	232	40.8	23.3
Street vendors	28,934	26,040	24	4.2	2.0
Village vendors	91,136	82,022	115	20.2	6.3
'Manufacturers'[b]	478,800	478,800	16	2.8	36.7
Subtotal	1,394,623	1,303,039	568	100.0	100.0
Ownership-vendors:					
Fijian	413,518	372,166	379	66.7	28.6
Indian	476,225	428,000	158	27.8	32.9
Polynesian	26,080	23,472	15	2.6	1.8
Subtotal	915,823	824,238	552	97.2	63.3
Ownership-'Manufacturers':					
Fijian	138,800	138,800	6	1.1	10.7
Indian	156,000	156,000	4	0.7	12.0
Polynesian	30,000	30,000	1	0.1	2.3
European	154,000	154,000	5	0.9	11.8
Subtotal	478,800	478,800	16	2.8	36.7
Total	1,394,623	1,303,039	568	100.0	100.0

[a] Vatulele and Lau handicraft sales are included in 'Handicraft "Manufacturers"' sector.

[b] Domestic sector generated income only.

Source: Field survey 1977, estimates.

Tourist entertainment group sector

There are twenty-four Fijian entertainment groups performing in eighteen hotels throughout Fiji's major tourist zones.[45] Performances have their origins in traditional Fijian dance customs. These dance groups are of several composite types. Many were comprised of urban dwellers interested in performing and invigorating important Fijian cultural traditions. Other rural or land owning groups used surplus village labour to acquire ready cash. Five groups were made up of full-time hotel staff. Finally, some groups were members of villages or lineage units historically identified with a specific cultural tradition. The main examples of this were four communities from the island of Bega performing fire-walking ceremonies (Rigamoto 1973:49). Entertainment groups were numerically the second most important avenue for Fijian participation in tourism after accommodation sector employment. On a full-time, part-time or irregular basis, a minimum of 770 individuals made up the twenty-four separate groups. Most dance troupes were located in the Nadi area and on the Coral Coast. The remainder performed on the Mamanuca Island resorts or Suva hotels (Table 5.32).

On average 128 performances were given each month for a remuneration of $87.1 each performance, although there were notable variations. In Suva for example, no dance groups performed on a regular basis since most hotels employed dance bands. The two Suva dance troups were from Rewa and Bega giving fire-walking performances twice monthly at one of the capital's largest hotels. Arrangements for this ceremony typically involved days of spiritual preparation by performers and, especially for the Bega group, time-consuming travel to and from Suva. Because of this considerably higher charges ($227.5 per performance) were made by these groups.

For a typical three hours of routine entertainment, preparation and travel, the average income received by groups was $2.70 per head. In spite of this income being used for village and other community projects, the level of remuneration was low even by Fijian earning standards. On a yearly basis group income averaged $5003 or $155.9 for each individual. Estimated total sector income in 1977 was $120,073 — 53.7 per cent of which was generated in Nadi, 29.0 per cent in the Coral Coast, 9.1 per cent in Suva, and 8.2 per cent in the Mamanuca Islands.

---

[45]Discussion in this sector relates only to those entertainment groups known to conduct *regular* performances for tourists (on a daily, weekly or monthly basis). Other tourist entertainment groups exist but these were included with the analysis of 'travel and tour sector' enterprises.

Table 5.32

Entertainment group sector, 1977

Entertainment groups	Suva	Coral Coast	Nadi	Mamanuca Islands	Total
Number of hotels hiring groups	1	7	6	4	18
Number of performances per month	4	58	36	24	128
Number of entertainment groups	2	10	8	4	24
Number of performers (approx.)	40	290	290	144	770
	$	$	$	$	$
Total all groups' income per performance	455	580	890	165	2,090
Av. income per group per performance	227.50	58	112	42	87.10
Av. income per individual per performance	11.40	2.0	3.0	1.10	2.70
Total income generated per month	912	2,900	5,374	820	10,006
Av. income per group per month	456	290	672	205	417
Av. income per individual per month	22.80	10.0	18.20	5.70	13.00
Total income generated per year	10,944	34,800	64,488	9,840	120,072
Av. income per group per year	5,472	3,480	8,061	2,460	5,003
Av. income per individual per year	273.60	120	218.40	68.40	155.90

Sources: Field survey 1977; Fiji Visitors' Bureau 1977, unpublished data.

In one respect these groups have more in common with wage-earning occupations than with the self-employed enterprises found in other tourism sectors. These performances are a publicized tourist attraction in that they reinforce tourists' selective perception of Fiji's culture and life-style. As such they play a central role in institutionalized hotel entertainment. Consequently the contracts under which entertainment groups perform complement hotel management requirements. With tourists paying \$5-\$8 per head, and dancers receiving \$2-\$3 for each performance, these groups represent an example of the primary tourism sector's use of Fijian labour and culture for the enhancement of their corporate tourist product. On the other hand, hotels do provide a means for the perpetuation and invigoration of a cultural heritage.

Conclusion

Most indigenous enterprises described in this chapter are marginal or subordinated to the primary tourism sector and large companies. Their vulnerable position has led to several intractable problems over their role in the Fiji tourist industry. In accordance with national goals, the intervention of tourism capital in Fiji has created a substantial number of jobs for indigenes. Outside of the primary tourism sectors in 1977, there were an estimated 926 tourist shopping sector employees, 795 handicraft vending employees, 224 handicraft producer employees and over 770 entertainment group performers. But these 2715 jobs are in sectors which restrict the monetary remuneration available to indigenes. Secondary tourism sector employees are involved in activities incidental to, and in most instances a trivial part of, tourist expenditure patterns. In addition, market practices under which secondary tourism sectors operate render indigenous enterprises dependent and, particularly in the tourist shopping sector, unequal to primary and other formal tourism sector companies.

The small retail enterprises numerically dominating the tourist shopping sector owe their vulnerability to the practices of large supply companies and their entanglement in an intensely competitive marketing environment. A similar situation exists for the small artifact producing and wholesaling enterprises found in the handicraft sector. Small producers suffer acute competition from mass producing formal sector companies and an over-supplied market. In addition, they are unable to compete successfully for artistic skills and raw materials (such as high quality woods). Wholesaling vendors, particularly Indian proprietors, are also reliant on importers for the pricing, availability and design of the products they sell.

But while many market practices are forced upon them (including official company and labour regulatory legislation) many proprietors attempt to circumvent such restrictions (costs). The quality of services and goods sold may be deliberately lowered so as to reduce operating overheads and maximize capital accumulation. Entry into the tourist industry is often seen as a short-term commitment whereby a proprietor's limited capital is used to maximize what are perceived as profitable short-term commercial opportunities. Capital can then be withdrawn once fixed, operating, or depreciation costs outweigh short-term gains. Many enterprises thus optimize any opportunities for short-term capital gain provided by dominating firms. Nevertheless, unequal market mechanisms still imposed severe restrictions on the commercial potential of these dependent firms. As a result indigenous tourism participation has had little impact in reducing the gap between Fiji's economically privileged and under-privileged. It is more likely that the differential ability of the two 'tourist circuits' to generate income has exacerbated the unequal distribution of incomes between Fiji's racial groups and classes.

Because of the market structures encompassing the 1955 tourist shopping and handicraft sector jobs, seller-tourist interaction has been conducted in a terse and aggressive manner. There is a contradiction, therefore, between the government and indigenes' concern for greater involvement in tourism, and concern by industry representatives trying to ensure that Fiji maintains a reputable tourist image. The selling practices and 'persuasiveness' of many duty-free shop assistants, handicraft vendors, 'sword-sellers' and youthful 'shopping guides' have been in sharp contrast to the alleged friendliness of locals so strongly emphasized in tourist promotions.

Finally there is the trade-off made by Indians and Fijians between the quality of their handicraft and other cultural traditions and their immediate economic priorities. It is evident that the modification, and often debasement, of traditional cultural ceremonies, artifacts and dances is occurring (Waqa *et al.* 1976). Artifacts are redesigned and dances 'modernized' to fit tourist tastes and expectations — and to guarantee an income as easily and quickly as possible. This trend is reinforced by the assimilation and imitation of foreign influences. It is common, for example, for Fijian carvers to copy Southeast Asian and Hawaiian artifact designs. Similarly, Fijian women are encouraged to experiment with European and Southeast Asian designs, selling handicrafts as a means to earn income, not to preserve cultural traditions. In 1976 the International Labour Organisation sponsored, at a cost of $30,000, two Filippino handicraft specialists to teach Fijian artisans a series of new skills and designs. Demonstrations and classes stressed designs most readily purchased by tourists. These types of problems have profoundly influenced the national perception of the advantages and disadvantages to be derived from tourism.

Chapter 6

Tourism and the Fiji economy

The decline and slow recovery of tourism in the 1970s encouraged local residents to evaluate the industry critically. The last few years have been marked by a cautious, at times unfavourable attitude towards tourism in influential sections of the Fiji Government. This attitude has its origins in the unplanned advent of tourism — both in terms of an absence of public guidelines for selectively incorporating tourism into development programs, and of government's inability to control the expansion of the industry. It is now realized that tourism may be inconsistent with some development strategies and goals. This chapter looks at the benefits and costs of tourism in the context of some national economic issues.

The economic impact of tourism

Tourism and foreign exchange. With a restricted economic base, Fiji is heavily reliant on export trading. For the period 1964-73 total import and export merchandise trade averaged 92.0 per cent of Gross Domestic Product. In the five years subsequent to 1978 this figure dropped to an average of 70 per cent. Export trade over the same periods contributed on average 36.8 then 25.5 per cent of Gross Domestic Product. As an export industry tourism generates income for the purchase of imported commodities and services. In addition, surplus export earnings over and above short-term import payment requirements are accumulated as foreign exchange reserves for the purpose of purchasing imports in times of low export earnings or low foreign capital inflows. In the seventeen years from 1963 to 1979, gross receipts from tourists increased from \$3.6 million to \$105.0 million (Table 6.1). Tourism was responsible for a substantial boost in Fiji's foreign exchange earnings with an average contribution of over 32 per cent of gross export income since 1968.

This export income has helped the Fiji economy to alleviate one of the most serious structural legacies of the colonial era — a dependence on a narrow range of export commodities. Up until the early 1960s at least 60.0 per cent of total export receipts

Table 6.1

The Fiji economy: gross foreign exchange earnings from tourism, 1963-79
($ million)

Year	Gross tourism receipts (1)	Major export earnings: Sugar (fob)	Coconut products (fob)	Gold (fob)	Total domestic exports (2)	Total re-exports (3)	Total all-exports and tourism (4)	Sugar as % of total (4)	Tourism as % of total (4)
1963	3.6	28.8	4.9	3.1	38.8	5.5	47.9	60.1	7.5
1964	5.0	35.6	5.9	2.8	46.2	6.0	57.2	62.2	8.7
1965	7.4	25.0	4.9	3.1	35.6	6.9	49.9	50.1	14.8
1966	8.5	21.7	3.5	3.0	32.3	6.7	47.5	45.7	17.9
1967	11.2	23.8	3.3	3.1	34.9	7.8	53.9	44.1	20.8
1968	15.2	24.9	5.1	3.5	39.2	9.9	64.4	38.6	23.8
1969	20.6	28.1	4.5	3.5	43.5	9.7	73.8	38.0	27.9
1970	24.3	31.8	5.7	3.3	49.3	13.0	86.5	36.7	28.1
1971	33.0	32.8	4.6	2.7	49.0	12.9	94.9	34.5	34.8
1972	37.0	34.3	2.6	4.0	52.1	13.8	102.9	33.3	32.0
1973	49.2	34.2	4.8	6.1	52.1	22.0	123.3	27.0	40.1
1974	60.6	66.9	3.6	8.6	95.4	28.4	184.4	36.3	32.9
1975	66.7	94.7	3.0	8.5	115.4	26.3	208.4	55.3	32.0
1976	76.0	67.7	4.8	7.3	89.4	33.1	198.5	34.1	38.3
1977	80.0	93.6	8.8	6.5	124.5	39.8	244.3	38.3	32.7
1978	98.0	83.3	9.4	4.9	121.9	44.6	264.5	31.5	37.0
1979	105.0	116.9	11.8	6.6	167.6	47.4	320.0	36.5	32.8

Sources: Bureau of Statistics 1980; Parliament of Fiji 1975a, 1976a.

in any one year were generated from only one source, the sugar industry. As late as 1964, 95.9 per cent of domestic exports and 77.5 per cent of total export receipts were derived from just three commodities: sugar, coconut and gold. Through variation of the country's domestic export base and the expansion of tourism the importance of these three commodities had declines to 80.7 per cent of domestic exports and 42.3 per cent of total exports in 1979. Tourism, on the other hand, had increased its contribution from 8.7 per cent of export earnings in 1964 to over 32.8 per cent in 1979.

Without detracting from the importance of tourism as a foreign exchange earner, two qualifications need to be made. Net tourism must be considered as distinct from gross tourism income, and the political and economic implications of relying on tourism to generate foreign exchange need to be examined.

From gross tourist receipts in 1975 of $66.7 million, 56.1 per cent or $37.4 million was directly lost in the form of payments for imports, foreign staff salaries and profit repatriation. Of the $29.3 million remaining in Fiji, another $9.3 million, or 13.9 per cent, was lost through the consumption of imports by locals from additional disposable income made available by tourism (Central Planning Office 1975:69).[1] Thus a total of $46.7 million, or 70.0 per cent of tourism-generated foreign exchange was lost, leaving an estimated $20.0 million that was retained in Fiji. On the basis of the $105 million generated in 1980, $31.5 million would have been retained. But recent government calculations have put net tourism earnings at 45 per cent, though the details of these calculations are not made clear (Central Planning Office 1980:196).

Tourism has a higher leakage factor than any of Fiji's other major economic sectors except mining. This is due to a reliance on imports which is in turn associated with the inflexible taste preferences of tourists concerning the qualitative aspects of accommodation, food and transport, and the high degree of foreign ownership in the industry. It is further aggravated by Fiji's poorly developed domestic productive structure which is incapable of meeting the qualitative standards of many required inputs, and the tourist shopping sector which has an extensive demand for imported consumer luxuries. An estimated 17.0 per cent of Fiji's total imports between 1970 and 1974 were for direct tourist consumption (Central Planning Office 1975:38).

To gauge the relative impact of tourism as a net foreign exchange earner comparisons can be made with multiplier

---

[1]In theory, this indirect import demand may be counter-balanced by an increase in export receipts induced by additional income made available by tourism.

coefficients of other economic sectors.[2] The tourist industry as a whole, with a (c.i.f.) import multiplier of 0.61 had a higher import demand than other primary or secondary sector activities, and, except for 'Government services', a higher propensity to consume imports than other tertiary activities (Table 6.2). With regard to total leakages from the economy tourism ranked third behind the other foreign dominated industries of mining and quarrying and cement production in its inability to retain income within Fiji. Hotels, however, with an import multiplier of 0.49, had a relatively high capacity to utilize local inputs. Extensive foreign ownership, on the other hand, contributed to the leakage multiplier of 0.63. The financing, construction and outfitting of hotels resulted in both higher import demand and leakage effects, with multipliers of 0.63 and 0.73 respectively. Again this reflected extensive foreign involvement in the acquisition of land, purchases of hotels and construction of new plant. It also implied the inability of local companies to supply necessary inputs. Hotel construction had an import multiplier effect of 0.33 compared with 0.11 for all other types of construction.[3] Tourism may be Fiji's second most important export income earner, but its structural characteristics impose a substantial import burden on the economy.[4]

Besides generating a heavy demand for imports, the accumulation of foreign exchange via tourism imposes other less tangible costs. Fiji's foreign exchange reserves stood at $117 million in 1975 and $109 million in 1978, or approximately six and three months retained imports. This puts Fiji's external reserves at a relatively high level compared with other third world countries (Ali 1974:19; Central Planning Office 1975:50). The extent and derivation of these reserves involves several costs. The maintenance of external funds results in 'idle resources' equivalent to prevailing rates of return on capital. It has been argued that

---

[2]Multiplier coefficients used in this chapter are derived from Central Planning Office (1976) and Varley (1978:35-6). For an evaluation of the assumptions and models used to derive these estimates see Varley (1978). The multiplier effect is a measure of the marginal impact of tourism expenditures. For example, for every one dollar of additional expenditure by tourists, 61 cents will be spent on imported goods. Put differently, for every unit of incremental expenditure, 61 per cent of that increase will be manifest as a demand for imported goods and services.

[3]Since there is no duty-free goods sector in the tables compiled by Varley and Central Planning Office, the value of imports required by this sector has been treated as a direct first round leakage and incorporated into the multiplier effects given in row 25.

[4]It should be remembered, however, that much of these import costs are both generated and paid for by foreign capital inflows.

Table 6.2

The Fiji economy: multiplier effects on GDP, GNP, imports, leakages and employment, 1975
(with 50 per cent room occupany for tourism sector)

Sector	GDP (1)	GNP (2)	Imports (c.i.f.) (3)	Leakages; imports (c.i.f.) and profit repatriation (4)	Labour demand[a] (5)
1. Sugar cane	1.3928	1.3230	0.5284	0.5766	0.6791
2. Other agriculture	1.4329	1.3375	0.5539	0.6033	0.7949
3. Mining and quarrying	1.1924	0.7017	0.4072	0.7237	0.4472
4. Sugar milling	1.3222	1.2538	0.4834	0.5273	0.6634
5. Other food processing	1.0208	0.8689	0.5628	0.6820	0.5560
6. Textiles, paint, wood, etc.	1.0555	0.8611	0.5176	0.6624	0.5650
7. Cement production	1.0856	0.8345	0.4285	0.7254	0.3918
8. Other manufacturing	0.9277	0.7697	0.5785	0.6933	0.5283
9. Electricity, gas and water	1.0533	0.9858	0.4406	0.4848	0.4440
10. Building construction	1.2016	1.0508	0.5109	0.5962	0.7361
11. Other construction	1.3019	1.1544	0.5640	0.6484	0.5243
12. Retailing and wholesaling	1.2342	1.0438	0.4461	0.5928	0.4713
13. Restaurants	1.0651	0.9769	0.5722	0.6350	0.4668
14. Hotels	1.1062	0.9506	0.4997	0.6311	0.4721
15. Transport	1.1311	0.9818	0.5396	0.6315	0.6541
16. Communications	0.0779	0.9251	0.4266	0.4478	0.3301
17. Banking and insurance	1.0925	0.7875	0.4707	0.6416	0.3920
18. Ownership of dwelling	1.0000	1.0000	0.0000	0.0000	0.0000
19. Other services	1.1827	1.0162	0.4232	0.5234	0.5124
20. Government services	1.2133	1.1474	0.6295	0.6730	0.5638
21. Education	1.4155	1.3553	0.5789	0.6203	0.6929
22. Health	1.3329	1.2774	0.5734	0.6125	0.6005
23. Non-profit organizations	1.5289	1.4651	0.5447	0.5891	1.4982
24. Consumers' expenditure	0.7157	0.6481	0.5941	0.6423	0.2723
25. Tourism	0.8276	0.7159	0.6135	0.6994	0.3496
26. Hotel investment	0.8415	0.7317	0.6382	0.7066	0.6913

[a]That is, the percentage increase for labour demand with every 1 per cent increase in expenditure.

Source: Varley (1978:35).

lower reserve levels would be more advantageous to Fiji (Ali 1974:18-20). The counter-argument to this view is that the retention of reserves at conservative levels is deemed necessary given the seasonality in sugar export receipts, periodic adverse weather conditions and unpredictable movement in world prices for domestic exports (Ministry of Finance spokesman 1977, pers. comm.). High levels are also required to ensure the success of Fiji's broad development strategy. Foreign reserves are necessary to: maintain the country's credit worthiness to ensure ready access to overseas funds; to assure foreign investors they can repatriate profits in their own currency rather than run the risk of currency exchange losses; to encourage investment by foreign banks so as to attract overseas funds, particularly for use by local businesses; and to have sufficient funds to meet at least partially the material aspirations of Fiji's citizens. Extensive reserves are therefore necessary for both internal and external political reasons. The data for 1978, however, would indicate less conservatism on this issue by the government.

Nevertheless Fiji's planners still face a dilemma. Reserves that have been accumulated from tourism are primarily derived from inflows of foreign capital rather than surplus generated from domestic captial. By implication, a large and sudden reduction in foreign capital flows would seriously jeopardize the country's ability to purchase imports. To maintain external reserves requires Fiji to trade-off a degree of control over its development strategies to maintain foreign investment. This policy may lead to the expansion of foreign influence in Fiji's economy and the possibility of increased domestic resentment towards such a foreign presence.

A dependence on foreign capital has another serious consequence. The maintenance of reserve levels can be achieved by additional export promotion. In Fiji this option must be based on further foreign capital inflows or by external reserves saving import-substitution policies (particularly in agriculture: Varley 1977:7-8).[5] The former course of action, in Fiji and elsewhere in the third world, has been shown to increase national income at the cost of increased dependence on metropolitan economies and (in the absence of structural reforms) an aggravation of inequitable patterns of income distribution. When considering the social advantages of, for example, saving foreign exchange by improving productive conditions in the rural sector, whether in terms of reducing urban-rural income disparities, slowing rural-urban drift, or purely for internal political reasons, an argument can be made in favour of an import-substitution policy or a program for self-sufficiency.

---

[5]In 1978 17 per cent of Fiji's retained imports bill was spent on food commodities.

But these alternatives are unlikely given the country's small internal market, racially structured economy and dependence on foreign export capital.

Linkages between tourism and the domestic economy. Tourism is an important generator of domestic income. Tourism's contribution to Gross Domestic Product rose from 3.5 per cent in 1970 (Central Planning Office 1970:182) to an estimated 13.5 per cent in 1978.[6] Of the estimated $79.8 million of tourist expenditure in 1977 92.2 per cent was spent by tourists on services and goods offered by tourist enterprises.[7] The remaining 7.8 per cent was spent on incidental expenditures in non-tourism sectors of the economy (Table 6.3). The apparent gross contribution by tourism, however, is not carried through to the domestic economy. The Gross National Product multiplier for tourism is substantially lower than other productive sectors except for the mining and quarrying enclave (Table 6.2). Like this sector, tourism has a high degree of foreign ownership, a high import content, and a relatively simple, selective, and hence limited set of linkages to other areas of the economy. Compared with the total product group, hotels have a greater catalytic impact within the local economy because of their lower reliance on imports. By contrast, hotel investment has a low domestic impact owing to its high reliance on imports and foreign capital.

In this regard it is pertinent to note the effect of an increase in hotel room occupancy rates (Varley 1978:34-6). Assuming no capacity restraints it has been calculated that, on 1975 figures, an increase in average occupancy rates from 50 per cent to 70 per cent would have marginally raised the Gross Domestic Product multiplier from 0.82 to 0.84 — a result of the relatively low propensity of hotels to import food and beverages. But an increase in room occupancy resulted in a decline in the industry's impact on the domestic economy as a whole. Increased tourist expenditures would result in a proportionately greater increase in the gross operating surplus of hotels and a greater proportion of repatriated profits and expatriate salaries from foreign companies. There would be a decline in Gross National Product multiplier values from 0.71 to 0.69 for tourism as a whole, and from 0.95 to 0.88 for the hotels sector.

---

[6]This figure includes direct and indirect effects of tourist expenditure and the impact of tourism in generating capital investment.

[7]In this chapter 1976 accommodation sector turnover data have been increased by 3.5 per cent. This represents half of the expected 7.0 per cent increase in tourist expenditures for 1977. This brings the accommodation sector data into line with turnover data from other sectors (which were calculated on June 1976-June 1977 figures).

Table 6.3

The Fiji tourist industry: distribution of tourist expenditure, 1977

Sector	Gross turnover ($)		Percentage of turnover
Tourism enterprises:			
Primary tourism sector:			
Accommodation[a]	31,719,296	43.1	39.7
Travel and tour	13,789,405	18.7	17.3
Subtotal	45,508,701	61.8	57.0
Secondary tourism sector:			
Tourist shopping[b]	26,639,900	36.2	33.3
Handicraft vendors	940,171	1.3	1.2
Handicraft 'manufacturers'	478,800	0.7	0.6
Subtotal	28,058,871	38.1	35.1
		100.0	
Other tourist expenditure:[c]			
Restaurants	2,681,770		3.3
Taxis[d]	1,227,973		1.5
Foodstuffs	867,632		1.1
Other manufactured goods	315,502		0.4
Communications	157,751		0.2
Banking	78,876		0.1
Other services	946,507		1.2
Subtotal	6,276,011		7.8
Total turnover[e]	79,843,584		100.0

[a]Data calculated for period June 1976 to June 1977 (from Bureau of Statistics, 1977, unpublished data; field survey 1977, estimates).

[b]Retail sales only.

[c]Expenditure (excluding taxis) calculated as similar *percentages* of 1976 gross turnover (Central Planning Office 1977, pers. comm.).

[d]Calculated as 35 per cent of gross taxi sector income: estimated 385 cars with average car turnover of $3,189.50 (Bureau of Statistics 1976a:4, 10).

[e]These data represent gross tourist receipts. Of this turnover, 91.0 per cent of accommodation sector receipts were from tourists 91.2 per cent of travel and tour sector receipts, and 85-90 per cent of tourist shopping sector receipts (Central Planning Office 1977, pers. comm.).

Source: All other data from field survey 1977, estimates.

Tourist accommodation and shopping sectors accounted for an average of 80 per cent of tourism receipts for each year since 1970. The linkages of these sectors are the key to understanding the limited multiplier effect of tourist spending (Table 6.4).[8] After 70 per cent of shopping sector receipts were lost overseas, the multiplier impact of tourist shopping was confined almost solely to the service sectors of the economy (particularly transport, retailing and wholesaling firms). Apart from small quantities of handicrafts, few locally produced goods were sold to tourists. The accommodation sector made greater use of a diverse range of local products including food and beverages, manufactured items and building resources (at least in hotel construction stages – this is not reflected in Table 6.4 data). The use of local resources was greatest for food and beverage purchases (Varley 1978:65-81). Forty-seven per cent of these hotel purchases were from local producers, and 53.0 per cent was derived from imports (Table 6.5). This was a high proportion of local input given the assumed inflexibility of tourist tastes. The local benefits of hotel food and beverage purchases were further boosted with the taxes, duties, and distributors' margins gained by food imports. These accounted for 36 per cent of total hotel food and beverage expenditures (Table 6.6).

This apparently high usage of local products by hotels needs some qualification. First, local producers supplied bread, dairy products, eggs, beer, soft drinks and tobacco products. These industries have a high import demand (dairy products, beer) and/or extensive foreign ownership (beer, tobacco, soft drinks). With the 'food manufacturers' sector having a 26.0 per cent import content and a leakage multiplier of 0.68, a significant proportion of the 38.8 per cent of local hotel suppliers' income (Table 6.6) can be assumed to have accrued to foreign interests. Second, hotels place heavy reliance on supplies from large wholesale-retail companies operating in Fiji. Specializing in imported brand names, the most important of these companies are foreign (Australian) owned.[9] The 9.8 per cent of food purchase receipts retained by distributors (Table 6.6) would include income retained by these foreign wholesalers. Third, although local producers supplied 47.0 per cent of hotel foodstuff purchases, the greater share came from large 'formal sector' companies, particularly with regard to meat, tobacco, bread, liquor and dairy products. In addition, hotels relied on large wholesalers for fruit and vegetables because of the inability of rural petty producers to supply produce regularly in required quantity and quality. Finally, the opportunities for indigenes to supply hotel inputs

---

[8]The data in the tourist expenditure column are assumed to be a close approximation of the effect on tourist shopping sector spending.

[9]Burns Philp (South Seas) Co. Ltd and Morris Hedstrom Ltd.

Table 6.4

The Fiji economy: inter-sectoral linkages of tourism, 1972

Sectors with input links to tourism	Tourist expenditure			Hotels and restaurants		
	Basic values	Percentage of tourist expenditure	Percentage of each sector	Basic values	Percentage of hotels and restaurants	Percentage of each sector
	$'000	Total	Total	$'000	Total	Total
Agriculture (excl. sugar, subsistence)	56	0.2	0.3	848	3.9	5.0
Other food products (excl. sugar)	100	0.3	0.4	1,449	6.6	6.3
Textiles, wood, rubber, etc.	697	1.9	4.5	171	0.8	1.1
Other manufactured products	-	-	-	761	3.5	8.0
Utilities	-	-	-	968	4.4	17.0
Building construction	-	-	-	18	0.08	0.06
Hotels and restaurants	14,213	38.3	64.9	-	-	-
Transport	4,451	12.0	15.4	761	3.5	2.6
Communications	82	0.2	2.3	248	1.1	7.1
Banking and insurance	29	0.09	0.3	413	1.9	4.8
Other private services	483	1.3	2.9	682	3.1	4.0
Distribution	4,782	12.9	8.1	1,724	7.9	2.9
Imports	11,765	31.8	8.9	4,889	22.3	3.7
Indirect taxes	413	1.1	1.3	744	3.4	2.4
Compensation to employees	-	-	-	3,909	17.9	3.5
Gross income (incorporated enterprises)	-	-	-	1,358	6.2	1.7
Gross operating surplus	-	-	-	2,948	13.5	7.4
Total inputs and percentage of GDP	37,091	100.0	4.6	21,886	100.0	2.7
Direct taxes	-	-	-	579	2.6	-
Gross fixed capital formation	-	-	-	3,048	13.9	- -

Source: Calculated from Bureau of Statistics (1974a).

are further diminished by the largest companies growing foodstuffs on their own land. In 1977 two hotel companies[10] supplied most of the fruit and vegetable requirements of seven of their eleven hotels (eight of which are located in rural areas in close proximity to potential indigenous suppliers).

Table 6.5

Tourist accommodation sector: purchases of food and beverages, 1976[a]

	Percentage of each item purchased		Percentage of total purchases		
Item	Imported	Local	Imported	Local	Total
Meat and poultry	58.8	41.2	20	14	34
Fish, seafood	53.8	46.2	7	6	13
Fruit, vegetables	55.0	45.0	11	9	20
Bread, dairy, eggs	15.4	84.6	2	11	13
Other	80.0	20.0	16	4	20
All foods	56.0	44.0	56	44	100
Spirits, liqueurs	100.0	-	22	-	22
Wine, other alcohol	100.0	-	16	-	16
Beer	12.1	87.9	4	29	33
Soft drinks	10.0	90.0	1	9	10
Cigarettes	10.5	89.5	2	17	19
All beverages	45.0	55.0	45	55	100
Total food and beverages	53.0	47.0	53	47	100

[a]Assumes 50 per cent hotel room occupany rate. Calculated for 41 tourist accommodation units.

Source: Varley (1978:71).

Turning lastly to the construction and outfitting of hotels, the inability of local enterprises to supply hotel requirements becomes more apparent, although Fiji fares better in this respect than some other underdeveloped countries (IUOTO 1976:36; Varley 1978:52-6). Of the materials needed for a fully operational standard class hotel in 1976, 68.2 per cent was supplied from overseas, and 31.8 per cent from local firms (Table 6.7). Nevertheless, the absolute impact of new hotel investment has been dramatic and a shot in the arm for Fiji. According to an official statement, the construction of new tourist accommodation

[10]The Tourist Corporation of Fiji Ltd (New Zealand) and SPP-Taisei Ltd (the Hong Kong based joint venture company which owned Pacific Harbour Resorts Ltd and the Travelodge Hotel chain).

provided the major force for growth in the economy between 1970 and 1973 (Central Planning Office 1975:168; 1980:194). But there have been adverse side effects. The years preceding 1975 were noted for:

> the over extension of the building and construction industry which was a major source of inflation and led to the diversion of the nation's resources away from other areas of particular social need (Central Planning Office 1975:168).

Table 6.6

Tourist accommodation sector: distribution of food and beverage purchases receipts, 1976

Intermediary	Total purchases ($)	Percentage of purchases
Revenue of local producers (basic values)	1,835,919	38.8
Distributor's margin	465,247	9.8
Tax/duty	717,557	15.2
Imports (c.i.f.)	1,712,224	36.2
Total purchases	4,730,947	100.0

Source: Varley (1977:38).

This concentration of construction activity in the tourist industry hindered government attempts to increase sectoral linkages between secondary industry (19.3 per cent of Gross Domestic Product). Tourism construction reinforced the tertiary sector (43.2 per cent of Gross Domestic Product) rather than making inputs available to agricultural producing and processing industries (Central Planning Office 1975:15). This was an unfortunate development given the nature of the Fiji economy. Throughout the 1970s the primary sectors of agriculture and mining were virtually stagnant. Manufacturing output has expanded, but not as fast as Gross National Product as a whole. Only tertiary sector activities such as finance, insurance, government services and utilities expanded at rates faster than the Gross National Product (Central Planning Office 1975, 1980).

These short-term problems are not helped by tourism being a comparatively inefficient means of income generation. Gross 1971 tourist expenditures were calculated (Dommen 1973:29-30) to have generated $15.5 million of value added, or 8.25 per cent of Gross Domestic Product at factor-cost. This represented 47.0 per cent of tourist expenditure (or 52.0 per cent if the influence of tourist spending on indirect tax generation is included). By contrast, the sugar industry, earning a similar $33.0 million in 1971 (Table 6.1), contributed $25.8 million of value added (at market prices) to Gross Domestic Product or 78.2 per cent of industry turnover. And taking the Gross National Product multipliers of 0.71 for tourism and 1.3 for the sugar industry, the flow-on into the economy of every sugar dollar was double that from tourism (Varley 1978:34). But this is not to deny the importance of tourism. The dominance of sugar in Fiji's export trade has rendered the economy vulnerable to fluctuations in export incomes. The growth of Gross Domestic Product has been variable leading to fluctuations in producers' incomes, imports of capital goods, government customs revenues and gross domestic fixed capital formation. There has been a 'direct and significant link' (Altman 1976:211) between export earnings instability and variable Gross Domestic Product formation: the rapid growth of tourism has played an important role in reducing this instability.

Table 6.7

Estimated capital cost of a standard hotel
(per room 1976)

Average total room cost	$24,462	
Breakdown of costs — percentages		
1. Purchases of local materials, services and distribution mark-ups		36.32
2. Imported goods and services		38.20
3. Labour costs		19.85
4. Gross operating surplus		5.63
		$100.00

Source of building and equipment inputs

Hotel facilities	Imported inputs $	Local inputs $	Total inputs $	Imported inputs %	Local inputs %
Room blocks	4,993	2,413	7,406	67.4	32.6
Furniture, carpets, linen, etc.	1,231	814	2,045	60.2	39.8
Central hotel facilities	2,509	872	3,381	74.2	25.8
Other services	587	244	831	70.6	29.4
Total	9,320	4,343	13,663	68.2	31.8

Source: Varley (1978:53, 55).

Tourism and employment generation. The Fiji Government has given priority to the creation of employment opportunities. The reason for this centres on several manpower problems. The most complex issue is that the greater part of the labour force is still confined to the semi-subsistence sector. The government is committed to 'capitalizing' and 'rationalizing' subsistence activity through mechanization and the enlargement of farm units. The implied long-term sectoral redistribution of labour necessitates the expansion of off-farm employment opportunities if only to alleviate the almost inevitable consequent political and social tensions (see Chapter 2). Tied to this problem is that 7.0 per cent of a labour force of 175,785 were without jobs in 1976 (Bureau of Statistics 1979:54). These 11,820 unemployed persons represented 16.5 per cent of the 71,483 wage earning labour force (Bureau of Statistics 1977a:1). While recognizing the shortcomings of a limited data series, no immediate progress appears to have been made in absorbing the unemployed, particularly school leavers, into the wage and salary sector (Tables 6.8, 6.9). With the stagnation of the economy due to the global depression, the subsistence sector and non-wage earning activities are clearly the most important means of economic livelihood. Excluding agriculture and infrastructure, productive wage and salary industries have shown no capacity to increase employment opportunities in line with demand. Only tertiary activities have expanded. Government created infrastructure and service sector jobs together accounted for 64.7 per cent of all wage and salary occupations – a situation typical of many peripheral capitalist economies (Bairoch 1975: 160-2).

Table 6.8

The Fiji economy: wage and salary earners and unemployed persons, 1974-76

Year	Number of employed	% annual change	Number of unemployed	% annual change	% unemployed
1974	72,740	no data	10,600	9.2	14.2
1975	72,545	-0.5	11,500	8.5	15.6
1976	71,483	-1.5	11,820	2.8	16.5

Source: Calculated from Bureau of Statistics (1977a:1, 17); Central Planning Office (1975:24).

As the most dynamic industry over the last decade, tourism has played a key role in maintaining, but not increasing, the proporition of wage earning jobs available in the economy. In 1971 an estimated 7000 direct and indirect jobs were created by tourism, or 9.4 per cent of an estimated 65,548 workforce (Bureau of Statistics 1976c:37; Dommen 1973:27).

Table 6.9

The Fiji economy: employment distribution, 1976[a]

Employment category (ISIC groups)	Number employed	Percentage of employed	Percentage change from 1975
Wage and salary earners:			
Agriculture, forestry, fishing	5,039	3.1	14.7
Mining, quarrying	1,546	0.9	-21.2
Primary sectors subtotal	6,585	4.0	3.6
Manufacturing	11,304	6.9	-11.0
Electricity, gas, water	1,861	1.1	20.8
Construction	7,365	4.5	-16.6
Secondary sectors subtotal	20,530	12.5	-11.0
Wholesale, retail, hotels, restaurants	12,266	7.5	4.6
Transport and communications	6,629	4.0	-1.0
Finance, insurance, real estate, business services	3,768	2.3	9.8
Community, social, personal services[b]	21,705	13.2	2.0
Service sectors subtotal	44,368	27.0	2.9
Non-wage earning and subsistence sectors	92,217	56.2	2.6
Total labour force	163,700	100.0	1.0

[a]The years before 1975 have been excluded owing to methodological differences in government data compilation procedures.

[b]Includes central and local government, medical, welfare, educational, recreational and repair services.

Source: Bureau of Statistics (1977a).

In 1977 6619 persons were employed in direct tourism employment: 48.0 per cent of these were in the accommodation sector, 14.0 per cent in tourist shopping trades, 14.7 per cent in the handicraft sector and 11.6 per cent in both the entertainment group and travel and tour sectors. Of these employees 3949 or 59.7 per cent were Fijians, 34.2 per cent Indians and 6.1 per cent Europeans and others. Another estimated 3414 people were employed indirectly in tourism through other sectors of the economy. Full or part-time agriculturalists and food processing industry employees accounted for 43.5 per cent of these. A further 34.3 per cent were employed in manufacturing, services and construction enterprises, and 11.3 per cent were taxi drivers. Finally, an estimated 11.0 per cent were public sector employees engaged in utilities provision, customs and immigration services and the operation of international and regional airports. Of this total of 10,033 jobs, 66.0 per cent were in tourist industry occupations and 34.0 per cent were indirectly employed in tourism (Table 6.10).

A few qualifying comments are necessary regarding the employment impact of tourism. Deductions should be made from the aggregate tourism workforce to compensate for approximately forty foreigners who held hotel management and directorship positions, and, within the tourist shopping sectors, for the seventy-seven or 39.6 per cent of enterprise proprietors who were immigrants from India. The occupations of these two groups were not necessarily a gain for the economy. Certainly some may have been responsible for the creation of jobs for others, but to the extent that they simply swelled the workforce there was no net increase in wage earning positions.[11] A further 195 entertainment group employees must be deducted because they held full-time positions in hotels. In addition, many tourism employees were previously engaged in other sectors of the economy (see below). The extent to which they represent inter-sectoral transfers rather than newly employed persons has to be taken into account since inefficiencies in the sectors where this labour originated may have led to their not being replaced. One could argue that the net employment contribution of the tourist industry was near 9000 jobs in 1977.

Tourism may also have adversely diverted manpower from other sectors of the economy. Particular attention has been given to tourism's assumed siphoning off of subsistence agricultural producers into hotels (Ganilau 1974:67-8). This concern stems from observations made on Beqa where it was found that cash earning surplus agricultural production and village communal labour resources had drastically declined with the rise in the number of villagers performing fire-walking ceremonies in Coral Coast and Suva hotels (Rigamoto 1973:49-51). A similar worry arose over the diversion of labour to hotels in the Sigatoka Valley and Cuvu sugar growing areas, but investigations by Varley (1978:38-40) showed that the problem was minimal.

Additional research supported this conclusion. Of those engaged in 1977 in tourism activities in Sigatoka and its hinterland, only 7.4 per cent had been farmers (Table 6.11). On the other hand, 26.3 per cent of hotel employees were previously in other non-tourism employment, including government, professional and technical trades. By far the greatest numbers of tourism jobs were filled by those already holding tourism related occupations (39.3 per cent). Only 27.1 per cent of hotel staff were new additions to the workforce — school leavers, housewives and unemployed.

[11]For example, 95 of the positions created in the tourist shopping sector by the seventy-seven migrants from India fell to their family or relatives.

Table 6.10

The Fiji tourist industry: full and part-time employees in direct and indirect tourism occupations, 1977

Sector	Fijian	Indian	European	Others	Total employed	Percentage of subsector employed	Percentage of total employed
Directly employed:							
Accommodation	1,978	984	94	124	3,180	48.0	31.7
Travel and tour	434	222	56	59	771	11.6	7.7
Tourist shopping	111	772	9	34	926	14.0	9.2
Handicrafts	656	283	9	24	972	14.7	9.7
Entertainment	770	-	-	-	770	11.6	7.7
Subtotal — Number	3,949	2,261	168	241	6,619		
Percentage	59.7	34.2	2.5	3.6		100.0	66.0
Indirectly employed:[a]							
Agriculture and food processing					1,484	43.5	14.8
Private services[b]					809	23.6	8.0
Manufacturing					106	3.1	3.8
Utilities					186	5.4	1.9
Building					175	5.4	1.9
Banking and services					83	2.4	1.7
Taxis[c]					385	11.3	1.1
Government and airport employees					186	5.5	0.8
Subtotal					3,414	100.0	34.0
Total					10,033		100.00

[a]These figures (excluding taxis) were calculated from Dommen's (1973:27) estimates of indirect 1971 tourism employment. The above data represent similar *percentages* of those employed in 1977 in various economic sectors as were employed in 1971. That is, 3414 represents 34.0 per cent of total tourism employees — the same percentage of 1971 indirectly employed.

[b]This figure represents half the percentage of indirectly employed as calculated by Dommen. Field observation showed that a very high proportion of tourism firms employed their own administrative, laundry, repair and other service staff.

[c]There were an estimated 1100 operational taxi cars in 1976 (Central Planning Office 1977, pers. comm.). Since approximately 35 per cent of total taxi receipts have been derived from tourists (Dommen 1973:22), 35 per cent of taxi drivers are included in this table as a crude estimate of this sector's involvement in tourism.

Sources: Calculated from Dommen (1973:27); field surveys 1977, estimates.

Table 6.11

Tourism employment: previous occupations of Coral Coast hotel and duty-free shop employees, 1977[a]

Employee's previous occupation	Number employed	Percentage of employed
Same or similar job in other hotel or tourist shop	48	39.3
Primary or secondary school student	25	20.5
Unskilled, semi-skilled labourer (including cane cutters)	14	11.5
Farmer	9	7.4
Unpaid domestic, housewife	5	4.1
Professional, technical trade	8	6.6
Other wage earning occupation	6	4.9
Government employee (incl. armed forces)	4	3.3
Unemployed	3	2.5
Total	122	100.0

[a]Data are from 33.3 per cent of Korotogo, Korolevu, Cuvu area tourist hotels (2) and 33.3 per cent of Sigatoka tourist shops (8). The 122 persons interviewed are wage and salary earners only. Data for hotels represent employees on one complete work shift in each hotel only.

Source: Field survey 1977. See Appendix 5.

Another qualification relates to the type of occupational skills imparted to tourism employees. The potential skill-training function of tourism has been summarized as trivial and confined to the lower end of the occupational structure (Schiavo-Campo 1978: 16). This view can be softened with the acknowledgment that there may occur the perpetuation and possible improvement of traditional handicraft making and entertainment group skills. Consideration should also be given to commercial skills imparted through tourist shopping trades, the enterpreneurial experience acquired from successful (and failed) business ventures by indigenes, and from the localization of hotel and travel and tour sector management positions. It will be recalled, however, that many wage earners are employed in (racially specialized) menial, and occasionally demeaning, occupations.

The final qualification is the issue of tourism's comparative ability to provide jobs. The industry's propensity to stimulate employment was lower (a 0.34 percentage increase in labour demand for every 1.00 per cent increase in expenditure) than for all primary and secondary sector industries (with multiplier averages of 0.64 and 0.55 respectively) (Table 6.2). Except for consumer spending and communications, tourism also had a lower employment potential than other tertiary sectors (which had a multiplier average of 0.56). And it will be recalled that employment in the hotel sector has been falling in recent years. Furthermore, the cost of providing tourism jobs is very expensive. An investment of at least $25,000 is needed to create one hotel work place (Varley 1978:58). In this respect, the secondary tourism sectors of tourist shopping and handicraft vending may be more appropriate avenues to promote employment, although they probably offer less security. But tourism did have a very high demand for labour during the building and outfitting phases of hotel development, and the hotel sector had a higher numerical labour demand than the tourism product group as a whole. This is to be expected since hotels provide personalized client services which are by definition labour intensive.

Access to capital and local equity participation in tourism. At the same time as it acknowledged Fiji's dependence on foreign capital, the government stated as one of its tourism goals the need for greater, particularly Fijian, equity involvement in the industry (Central Planning Office 1975:169). It has already been shown that the fund of expertise to meet tourism's requirements has primarily come from foreign and European companies. The subsequent domination of tourist flows by these companies centred around their links with metropolitan tourist markets and access to substantial capital resources. Conversely, most indigenous companies have poor access to markets, capital and expertise generally. But unequal access to domestic capital is a function of the highly divergent commercial traditions of Fiji's racial communities. It is also a legacy of the structural characteristics of the country's finance market which discriminates against small-scale (high risk) enterprises, and specific racial groups.

Enterprises in each tourism sector have distinct sources and requirements of loan capital. The foreign and European dominated accommodation sector is mainly comprised of larger 'low risk' corporate enterprises. Their substantial capital requirements, profitability and 'reliability' resulted in their extensive access to commercial finance companies, para-statal finance institutions and government funds (Table 6.12). Travel and tour companies, having much lower fixed capital requirements, are adequately provided for by banking and insurance companies. Additional capital (some from outside Fiji) is provided by transfers from other subsidiary enterprises. Indian companies in this sector obtain much of their capital from (extended) family resources. This use of family capital and subsidiary company funds is characteristic of Indian proprietors in the tourist shopping sector. The supplementary reliance on commercial bank finance results from the high cost of stock which in turn necessitates the continuous use of credit. The reliance on para-statal finance institutions and government funds by handicraft producers is indicative of their ownership composition (European and Fijian) and subsequent ability to gain access to these funds.

Table 6.12

Fiji tourism enterprises: source of loan finance, 1977
(percentages)

	Tourism sector			
Loan source	Hotels	Travel and tour	Tourist shopping	Handicraft 'manufacturers'
Commercial banks, insurance companies, finance companies, etc.	54.1	48.8	85.7	18.8
Fiji Development Bank	4.9	7.0	-	43.8
Fiji National Provident Fund	23.2	-	-	-
Other government sources	48.8[a]	-	-	18.8
Proprietor's family	no data	20.9	23.0	18.8
Other sources (especially transfer of funds from other enterprises)	no data	34.9	22.0	12.5

[a]Investment allowances allocated under the Hotel Aids Ordinance provisions.

Source: Field survey 1977, estimates.

The explicit connection between ownership (and size) of tourism enterprises and their use of different financial sources is fundamental to an understanding of indigenous participation in tourism. Because of low initial capital resources, low levels of management skills, inexperience in tourist industry dynamics and of the requirements of foreign tourists, Fijian and many Indian enterpreneurs have in the past been unable to secure adequate finance through normal commercial channels, or to develop viable tourism enterprises. By contrast banking, insurance, some para-statal organizations and government bodies have been established directly to serve foreign, European and other formal sector companies. For example, 48.8 per cent of hotels have used 'other government' funds, principally the \$14.5 million of public funds dispensed under the Hotel Aids Ordinance. In addition, 23.2 per cent of hotels were able to contract loans from the Fiji National Provident Fund. This latter institution was given government authorization in 1971 to invest in tourism plant. Under its conservative management loans were made available to only the most profitable and lowest risk ventures — principally hotels. Given the high capital and expertise requirements of this sector, such a policy worked overwhelmingly to the advantage of foreign and European interests. Of the loan capital dispensed by the Fund 33.1 per cent went into tourism. Of this, \$27.5 million or 89.1 per cent (\$24.5 million) was lent to foreign and European companies (Table 6.13).

Table 6.13

Fiji National Provident Fund: tourism loans, 1971-76

(\$)

Loan details	Fiji public co. and Indian co. loans	Foreign and European co. loans	All loans
Number of hotel loans	8	11	19
Number of companies having loans	2	8	10
Av. value per hotel loan	375,000	2,227,272	1,447,368
Av. value per company loan	1,500,000	3,062,500	2,750,000
Total value of loans	3,000,000	24,500,000	27,500,000
Percentage value of tourism loans	10.9	89.1	100.0
Percentage of all FNPF loans	3.6	29.5	33.1

Source: Fiji National Provident Fund files 1977, pers. comm.

The extensive use of domestic capital by foreign companies prompted the Fiji Government in 1972 to impose borrowing restrictions. Before that date, foreign interests dominated the use of comparatively cheap local money because they offered greater security and profitability than local companies. This had resulted in serious shortages of finance for small local firms. Subsequent to 1972, wholly owned foreign companies were required to provide their own capital from external sources, while foreign companies with a local equity holdings may borrow domestic capital up to the equivalent of 20 per cent of the local shareholding content.

A further dimension to the link between loan finance accessibility and firm ownership is provided by the Fiji Development Bank. This institution was established in 1976 to provide 'soft loans' to small local firms and to make finance available to Fijians wishing to establish commercial ventures, especially in agriculture and fishing (Fiji Development Bank 1976:8). With the Bank's relatively conservative lending policy (loans are only available to 'secure' projects), and its rural emphasis, little finance has been committed to tourism. What tourism loans have been made have gone to European applicants. Of the $628,704 invested by the Bank in the industry since 1969, at least 68.0 per cent went to European companies. Such a high degree is partially by default since no loans are made available to Indian applicants on the grounds that they allegedly have ready access to alternative sources of finance. The purported goal of the Bank is to divert public funds to Fijians in an attempt to counter Indian commercial success. But the low value and number of tourism loans to Fijians is a result of their inability to meet minimum contract requirements and the high failure rate of Fijian tourism enterprises. By deliberately restricting finance from these ventures, however, the Bank prevents enterprising Fijians from consolidating a commercial hold in tourism and further entrenches European interests[12] (Table 6.14).

Table 6.14

Fiji Development Bank: tourism loans, 1969-76[a]

Loan details	Enterprise				All loans
	European	Indian	Fijian	Unknown	
Number of loans	17	0	4	4	25
Total value of loans	427,504	-	88,200	113,000	628,704
Percentage of number of loans	68.0	-	16.0	16.0	100.0
Percentage value of tourism loans	68.0	-	14.0	18.0	100.0

[a]Excluding loans made to tourist oriented manufacturing and transport (taxi, hire car) enterprises. Includes: loans for accommodation, cruise-boat, hotel services, tourist recreation (deep sea diving, handicraft manufacturing enterprises.

Source: Fiji Development Bank files 1977, pers. comm.

[12]Of the six Fijian travel and tour sector enterprises two were refused Fiji Development Bank loans and one firm was having difficulty meeting repayments conditions (field survey 1977).

Public financial costs of tourism. The Fiji Government is the single most important local beneficiary of tourism. A minimum of $8.750 million of total tourism receipts was estimated to have gone to government.[13] This represented 11.9 per cent of tourist enterprise turnover, and 11.1 per cent of the total $79.844 million spent by tourists throughout the economy. Assuming government had acquired a similar percentage of tourist receipts annually, an estimated $46.454 million between 1970 and 1977 was available to government for public redistribution.[14] Considering that the government's capital budget for 1971-75 was $113.466 million, tourism revenues provided an important source of public development finance. As experience in other tourist destinations has shown, however, high public costs can be incurred from tourism (e.g. Bryden 1973:139-44).

Between 1970 and 1977 $18.428 million, or the equivalent of 39.7 per cent of tourism-generated public revenue, was spent by government on administration and infrastructural development directly related to tourism (Table 6.15). Outside the $750,000 spent on the Ministry of Tourism and consultancy costs, the major administrative expense was the $2907 million used to fund the Fiji Visitors' Bureau. It has already been noted that there was considerable conflict between the industry and government over meeting the Bureau's marketing costs. Up to 1978 industry representatives had made minimal contributions to the Bureau's budget. In 1976, for example, $450,000 of government funds went to the Bureau and $40,000 from voluntary industry contributions (*Fiji Sun*, 11 December 1976). Since only 11.1 per cent of total estimated tourist receipts were retained by government, the Fiji public heavily subsidized private tourism companies. In support of this view, Varley (1977:51) states:

---

[13]This was derived as follows: $2,344,696 from accommodation company and employee taxes; an estimated $5,041,859 from tourist shopping company and employee taxes and fiscal duties; and approximately $1,375,000 from travel, tour, and handicraft producer company and employee taxes.

[14]This $46.454 million is an over-estimate in so far as: (a) income from hotel taxes had been negligible up until 1973; (b) income from taxes and duties on 'duty-free' goods was similarly negligible until the introduction of the 10 per cent fiscal tax in 1973. On the other hand, the income from fiscal duties is estimated as a minimal 10 per cent, since a large range of other tourist goods carry higher taxes. In addition, many foreign companies, particularly branch operations, incur taxes above the 33 per cent level. Revenues from the 1 per cent company payroll tax have also been omitted. Data were calculated from fieldwork surveys (1977) assuming a flat 33.3 per cent company tax and a flat 24 per cent wage and salary tax.

> For this kind of producer/producer externality it is clear the industry should bear the cost [of FVB promotion and market funding] in full. The externality does not arise from the production of unpriced benefits to society. If, for instance, people in Fiji loved tourists and would in principle be willing to pay to have them visit the country then there could be a case for the Government to subsidise the marketing programme. If the benefits of intervention derive purely from technical considerations then the costs should be paid in full by the industry.

Table 6.15

The Fiji Government: administrative expenditures on tourism, 1970-77

Item	Expenditure ($)
Ministry of Tourism budget @ $50,000 pa.[a]	350,000
Fiji Tourism Development Plan 1973[b]	400,000
Fiji Visitors' Bureau[c]	2,907,000
Hotel Aids Ordinance expenditure[d]	13,872,814
Ministry of Tourism projects 1971-75[e]	774,369
Ministry of Tourism projects 1976-77 estimate[f]	124,000
Total	18,428,183

Sources:

[a]Ministry of Communications, Works and Tourism 1977, pers. comm.

[b]Ministry of Tourism estimate 1977, pers. comm.

[c]Estimated at $2 per visitor between 1970 and 1975 and $450,000 for 1976 and 1977; Fiji Visitors' Bureau 1977, pers. comm.

[d]From 1970 to 1977 only, Ministry of Communications, Works and Tourism 1977, pers. comm.

[e]Parliament of Fiji (1975c:29).

[f]Estimated as 40 per cent of 1976-80 Budget allocation of $310,000; Parliament of Fiji (1976c:39).

The largest item of expenditure, the $13.872 million spent on foreign investment incentives,[15] can also be considered a non-essential cost since hotel construction would have proceeded irrespective of their availability. Of the $898,369 allocated

[15]Excluding monies paid out before 1970.

to Ministry of Tourism projects, $144,352 went on administrative and planning expenses and minor works (scenic view car parks and landscaping). The remainder, $754,017, went on hotel infrastructure. This included the construction, extension and maintenance of 'tourist' roads, such as that between Nadi and the Denarau resort complex. These direct tourism costs, however, were only a fraction of public funds spent indirectly on infrastructure constructed for both tourist and local consumers.

In the 1971-75 capital budget program ($112.691 million)[16] 25.5 per cent or $28.362 million of the budget was designated for projects where tourists were important, and in some cases the principal consumers. At least $15.181 million, or 4.7 per cent of the 1976-80 budget ($321.039 million was similarly indirectly allocated to tourism (Table 6.16).[17] By far the most important infrastructure project was the upgrading and sealing of the Nadi-Suva section of the Queens Highway. Of the $33.942 million allocated to tourism related projects between 1970 and 1977, 80 per cent was spent on the planning and construction of this highway. While the road has advantages for Fiji residents in terms of reduced and safer travelling, the major beneficiaries have been tourism companies. The new road means greatly lowered maintenance costs for travel and tour company vehicle fleets and easier, quicker access between Suva and Nadi and Coral Coast hotels. It is these factors which determined the construction sequence of the road. The first phase, completed in 1976, linked Nadi airport with resorts at Cuvu, Sigatoka and Korotoga. The second phase linked Suva with the Pacific Harbour resort complex at Deuba in 1978. The third phase, still in the planning stages, will link Deuba and Sigatoka and serve both villages in the area and three smaller tourist resorts. Initiated in the late 1960s by the then Minister of Tourism, the highway was seen as a means of increasing the Coral Coast's attractiveness to tourists, and hence of increasing the viability of hotel plant in that area.[18] The argument that the road would be of great benefit to the community at large because of lower public road maintenance expenditures and easier access has been partially disproved. Transport of rural produce to Nadi, Sigatoka, Navua and Suva still proceeds on dirt roads for most of the journey. Furthermore, in many places the highway

---

[16]Excluding that allocated to the Fiji Visitors' Bureau and the Ministry of Tourism.

[17]The substantial drop in tourism related expenditure in the second budget reflects the decline in tourism growth and the completion of major construction projects in the preceding budget period.

[18]This view is generally held by senior public servants (at the Permanent Secretary level). It may also be noted that the Minister of Tourism responsible for initiating the road project had pecuniary interests in hotel resorts served by then new road.

has been realigned from its original route. As a result, maintenance is now required on the new road as well as the old dirt road since the latter is the only means of access to many coastal villages.

Table 6.16

The Fiji Government: capital budget expenditure on tourism related projects, 1970-77

($)

Item	Expenditure 1971-75	Expenditure 1976-77[a]
Air Pacific (capital aid and share purchases)	1,378,400	100,000
Cruise vessel berthage	10,000	-
Airports, communications, safety extensions, and maintenance costs:		
Nausori	917,395	665,240
Savusavu	50,251	48,400
Matei	74,019	291,400
Nadi[b] (safety only)	3,540	-
Deuba telephone exchange[c]	94,842	35,560
Deuba water supply	50,000	60,000
Nadi (Votualevu area) water supply	255,705	184,000
Suva-Nadi highway construction	23,685,119	3,784,000
Loan repayments on tourism related projects (24 per cent of loan repayments)[d]	1,842,596	410,981
Total	28,361,867	5,579,781

[a] Calculated as 40 per cent of 1976-80 budget estimates.

[b] Maintenance and other costs associated with Nadi airport as met by the South Pacific Air Transport Council.

[c] Deuba is the site of the Pacific Harbour resort complex.

[d] Twenty-four per cent of total budget expenditure is on tourism related projects.

Source: Parliament of Fiji (1975c; 1976c).

The second important area of government expenditure has been the $2.047 million spent on upgrading and maintaining regional airports. To cater for this increased demand on airport facilities from tourists, and to facilitate strategic surveillance,[19] the government allocated more funds for runway and other works at Nadi, Suva and several outer islands (Central Planning Office 1975:150, 153).

Similar demands have come for other utlities. Hotels are required to provide their own sewerage plants and pay for internal electrical and telphone services but the maintenance of these and the installation of feeder links to regional utility networks is the responsibility of public bodies. While precise estimates of the costs incurred from these services are not possible, Table 6.16 includes $680,107 spent on utilities in Nadi and Deuba.

The provision of water supplies is another area of government cost — Nadi and its peri-urban fringe have been under a water consumption moratorium since 1975. In 1976 installed capacity was 1.680 million gallons per day, with consumption running at 90.0 per cent of capacity or 1.520 million gallons per day (Public Works Department 1977, pers. comm.). The sanctions imposed on industry and hotel projects were due to a lack of bore water reserves for Nadi, the international airport and the adjacent hotel cluster.[20] The lack of water reserves, and the rapid expansion of hotel demand since 1970, have left Nadi and nearby Lautoka with critical water shortages during low rainfall periods. At times of high rainfall both areas are subject to increased water turbidity caused by water flows exceeding the capacity of existing filtration plants. Since hotels were accountable for an estimated 10.9 per cent[21] to 16.4 per cent[22] of Nadi area water consumption in 1976, the $439,705 spent on water supply works on Nadi peri-urban fringe has been included in Table 6.16. The expansion of the Pacific Harbour tourist resort at Deuba also necessitated the expenditure of $200,000 on water utilities. Another $184,742 was spent on installing a new telephone exchange to cater for demand from tourists, tourism companies and hotel employees.

In a country which has been unable to achieve a balanced, let alone adequate infrastructure for its own population, the

---

[19]For defence and monitoring of territory acquired under UN Law of the Sea statutes.

[20]The long-term solution to this problem is seen as the construction of a $40-$50 million water reservoir in the Nausori Highlands which is expected to be completed in the mid/late 1980s.

[21]Public Works Department's estimate: calculated by assuming 48.0 per cent hotel room occupancy at 150 gallons per day per room.

[22]Field survey estimate: calculated by assuming 72.2 per cent room occupancy rate (annual area average between 1971 and 1976) at 225 gallons per day per room.

allocation of approximately $18.428 million on direct tourist industry costs and a further $33.942 million on tourism related infrastructure represents a serious distortion in the distribution of public funds which has not necessarily been compensated for by the other benefits from tourism.

The national and international distribution of tourism receipts

The distribution of tourism receipts is causally related to the social and economic organization of the industry's exchange structure: that is, the transfer of tourists and industry inputs. The composition of the industry, particularly the variations in the commercial power of certain ownership groups, determines the organization of these exchange activities. The possession of commercial power derives from unequal control of, and access to, essential industry inputs (such as tourists, duty-free goods and finance). It is also a result of the different commercial and entrepreneurial capabilities of, and historical opportunities available to, the various socio-economic groups participating in the industry. Those with power over resources are able to structure conditions and terms of exchange in a way favourable to themselves.

The structural advantages enjoyed by foreign, European and formal sector companies generally, as opposed to the structural impediments faced by most Indian, Fijian and smaller enterprises, is the single most important feature of the Fiji tourist industry.

The social distribution of tourism receipts.[23] Given the racial ordering of Fiji commerce and society generally, it is important to identify the extent to which each of the major racial groups benefits from tourism. There is a marked polarization between the gross retail incomes of firms from each ownership category. In descending order, foreign companies averaged $829,000, European companies $249,214, Indian enterprises $82,213 and Fijian enterprises a mere $1942 (Table 6.17). This polarization becomes more striking if the role of wholesalers and foreign suppliers is recognized within the shopping sector.[24] The differences between ownership groups then becomes $1,244,394 for foreign companies, $249,214 for European firms, $33,929 for Indian and $1820 for Fijian enterprises. Such data reveal how foreign interests accounted for 65.6 per cent of retail turnover in 1977, while

---

[23]The discussion here excludes tourist receipts spent outside the primary and secondary tourism sectors.

[24]That is, by allocating the value of imported duty-free tourist goods stock to foreign companies and calculating retailing only firm income as gross retail turnover less the landed stock (Table 6.17, column 4).

Table 6.17

The Fiji tourist industry: average turnover of tourism enterprises by ownership categories and sectors, 1977

($)

Ownership category		Accommodation sector (1)	Travel and tour sector (2)	Handicrafts sector (3)	Tourist shopping sector A[a] (4)	Tourist shopping sector B[b] (5)	All sectors A[a] (6)	Retail turnover B[b] (7)
Foreign:	No. enterprises	20	12	-	6	6	38	38
	Av. turnover	1,040,400	695,833	-	390,500	488,060	829,000	1,244,394
European:	No. enterprises	19	14	5	4	4	42	42
	Av. turnover	263,789	346,500	30,800	112,475	112,475	249,214	249,214
Indian:	No. enterprises	17	5	162	140	140	324	324
	Av. turnover	207,117	76,300	3,609	158,221	46,472	82,213	33,929
Fijian:	No. enterprises	3	6	385	1	1	395	395
	Av. turnover	4,484	11,167	1,628	60,000	12,000	1,942	1,820
Other:	No. enterprises	5	2	16	2	2	25	25
	Av. turnover	469,400	70,000	3,342	59,000	11,800	106,320	102,560
Total	No. enterprises	64	39	568	153[c]	153[c]	824[c]	824[c]
	Av. turnover	495,625	353,564	2,498	164,183	65,069	87,437	87,437

[a] Data represent gross retail turnover of enterprises.

[b] Calculated as follows: (i) that income generated by foreign firms includes the landed value of all 'Tourist shopping sector' imported tourist goods and net retail turnover of those firms; (ii) that income shown to accrue to all locally owned tourist shopping sector enterprises represents gross retail turnover less the landed value of tourist goods stock; and (iii) the distribution of importers' mark-ups as appropriate.

[c] Excludes income going to government from duty and taxes imposed on tourist 'duty-free' goods.

Source: Field survey 1977, estimates.

European and Indian enterprises accounted for 14.3 and 15.3 per cent respectively. Fijian enterprises, Fiji Public companies, Chinese and Polynesian enterprises generated only 4.6 per cent of total turnover (Table 6.18). What is more, the 65.6 per cent of income earned by foreign interests was generated by just 4.6 per cent of all tourist enterprises. The 4.8 per cent of income earned by Fijians and 'Others' was from 50.9 per cent of enterprises. That Indian and Fijian proprietors accounted for 87.2 per cent of tourist enterprises yet generated 16.3 per cent of total income is indicative of the marginal roles the majority of them play within the industry. The exchange structure of the tourist industry reinforces the socio-economic disparities found throughout Fiji society. These divisions are founded on the roles the different races have played within the overall division of labour in the Fiji economy. Each race varies in its acquisition of knowledge, skills and cultural viewpoints, and has varying access to administrative agencies, finance networks, transportation and communication systems. The availability of these factors is a direct legacy of the historical experience of each group during the colonial era.

The spatial distribution of tourism receipts. One characteristic of capitalist economies is a particular pattern of capital transfer over geographic space. This is expressed in the form of a centre, where surplus is accumulated, and a periphery from which a net surplus is drained (Soja 1980). In the case of underdeveloped countries, particularly former colonies, there also occurs an uneven spatial distribution of productive capacity between implanted capitalist and pre-existing non-capitalist modes of production (Slater 1977:9-13). In most, especially the smaller, underdeveloped countries, a series of spatial divisions have thus evolved as a consequence of the historical integration of peripheral states into the world economy. These spatial divisions reflect the selective colonial penetration of foreign capital within these states. Four common spatial elements can be identified which accompany this process. These are: export oriented and foreign controlled production enclaves; a primate (port) city developed as the political, administrative, corporate and mercantile centre of the colony; a second order urban network and transport infrastructure which both connects the capital city with the production enclaves, and penetrates the rural hinterland to ensure political control, the flow of commodities, and access to labour; and a spatially extensive and once autonomous indigenous non-capitalist rural economy. Most of these features have been shown to be part of Fiji's colonial experience (Chapter 2). The consequence of this for Fiji has been the creation of distinct spatial zones (Britton 1980a, 1980b).

The most important zone comprises those regions dominated by the sugar economy: that is, the Labasa hinterland, Seaqaqa and the Sigatoka to Rakiraki coastal belt on Viti Levu.

Table 6.18

The Fiji tourist industry: distribution of receipts by ownership categories and sectors, 1977
($'000)

Ownership category	Accommodation sector (1)	Travel and tour sector (2)	Handicraft sector (3)	Tourist shopping sector A[a] (4)	Tourist shopping sector B[b] (5)	All sectors A[a] No. (6)	All sectors A[a] % (6)	All sectors B[b] No. (7)	All sectors B[b] % (7)	Number of enterprises (8)	Percentage of enterprises (9)
Foreign[c]	20,808	8,350	-	2,343	18,128	31,502	43.7	47,287	65.6	38	4.6
European	5,012	4,851	154	450	450	10,467	14.5	10,467	14.5	42	5.1
Indian	3,521	382	585	22,150	6,506	26,637	37.0	10,993	15.3	324	39.3
Fijian	13	67	627	60	12	767	1.1	719	1.0	395	47.9
Other	2,347	140	53	118	24	2,658	3.7	2,564	3.6	25	3.0
Total[d]	31,720	13,789	1.419	25,120[e]	25,120[e]	72,048[e]	100.0	72,048[e]	100.0	824	100.0

[a] Data represent gross retail turnover of enterprises.

[b] Calculated as follows: (i) that income generated by foreign firms includes the landed value of all 'Tourist shopping sector' imported tourist goods and net retail turnover of those firms; (ii) that income shown to accrue to all locally owned tourist shopping sector enterprises represents gross retail turnover less the landed value of tourist goods stock; and (iii) the distribution of importers' mark-ups as appropriate.

[c] Includes 'expatriate' owned enterprises.

[d] Totals do not correspond exactly to subtotals due to rounding of the latter.

[e] Excludes income going to government from duty and taxes imposed on tourist 'duty-free' goods.

Source: Field survey 1977, estimates.

Characteristically, these sugar regions have a predominantly Indian population of petty commodity producers with an associated wage labour force. Sugar is cultivated, harvested and processed under contract to the Fiji Sugar Corporation. The sugar regions are of flat rolling topography and have an intensive land use pattern characterized by 5-7 ha small holdings, independent dwellings, and the cultivation of supplementary crops based on Indian dietary preferences and urban networks oriented around four sugar mills. Outside these sugar regions lies the second economic zone based on a predominantly Fijian productive system oriented around the export crop of copra and other domestic market cash crops. Typically confined within a spatially discrete village land use system, production is carried out under a set of productive relations transitional between traditional subsistence forms and encroaching and increasingly more common petty commodity production. Historically marginal to the colonial economic base, this zone has an infrastructure network less adequately developed than that found in the sugar zones. Being dependent on both subsistence and unsophisticated forms of cash crop cultivation, productive forces are of a less capital intensive kind, and productivity at a correspondingly lower level. Finally, there is a third spatial subdivision centred around the copra plantation system with its distinctive regular palmgroves (occupying the coastal margins of northwestern Taveuni and southwestern Vanua Levu) and road and sea linkages to export nodes. Suva and the second order urban centres overlay and selectively integrate these production zones. The spatial organization of Fiji realizes the historical process whereby various forms of foreign capital have selectively utilized Fiji resources and at the same time created a territorial structure that facilitates the transfer of surplus product from this peripheral economy to the metropoles of Australasia, Europe and North America.

Tourism, as a product of metropolitan commercial enterprise, has itself reinforced Fiji's externally oriented space economy. The location of tourism activity is directly related to the distribution of pre-existing non-tourism fixed capital (Table 6.19). The greater part of industry turnover, 82.5 per cent, was generated in seven urban areas, with Suva, Nadi and Lautoka responsible for 76.4 per cent of total income. Tourism plant in rural areas accounted for 17.5 per cent of turnover. That tourism plant located in areas historically part of Fiji's colonial export economy was responsible for $69,536 million, or 94.7 per cent of tourist industry turnover. That portion generated by tourism enterprises in what have historically been areas dominated by the subsistence economy[25] amounted to only

[25]That is (excluding areas with substantial exchange links to the export enclaves), interior Viti Levu, Ovalau and Vanua Levu, some islands off-shore from Ovalau and the Rewa Delta, that part of the Coral Coast between Deuba and Korolevu, and the Mamanuca, Yasawa, Vatulele, Kadavu and other small islands (excluding Lau and Lomaiviti).

Table 6.19

The Fiji tourist industry: regional distribution of turnover, 1977[a]

Geographic region	Gross turnover ($'000)	Percentage of turnover
Urban areas:[b]		
Suva	27,246	37.1
Sigatoka	3,124	4.3
Nadi area	21,885	29.8
Lautoka	7,012	9.5
Ba, Tavua, Rakiraki[c]	582	0.8
Labasa	623	0.8
Levuka[d]	95	0.1
Subtotal	60,569	82.5
Rural areas:		
Rewa/Coral Coast	9,325	12.7
Malolo, Mamanuca, Yasawa Islands	2,967	4.0
Taveuni	223	0.3
Savusavu	366	0.5
Other islands[e]	(120)	-
Subtotal	12,881	17.5
Island distribution:		
Viti Levu	69,172	94.2
Malolo, Mamanuca, Yasawa Islands	2,967	4.0
Ovalau	95	0.1
Taveuni	223	0.3
Vanua Levu	993	1.4
Other islands	(120)	-
National total	73,450	100.0

[a]Accommodation sector data have been recalculated to provide a 1977 estimate.

To retain confidentiality of data:

[b]Waiyevo and Savusavu urban data have been included with the respective rural data.

[c]Ba, Tavu and Rakiraki urban data include incomes for hotels on Nananu-i-Ra Island.

[d]Levuka town data include other Ovalau (rural) data.

[e]Income from these islands is included in the Suva turnover figure. Data are for Moce, Kabara and Namuka Islands only.

Source: Field survey 1977, estimates.

5.3 per cent (approximately $3.914 million). But not all income created by rural enterprises is retained in rural areas. Over 31.4 per cent of industry turnover in urban areas was from the activities of the accommodation sector. In rural areas this share amounted to 96.5 per cent. That virtually all rural tourist receipts were generated from hotels is significant in that, except for required operating surplus, most hotel income is transferred either to company headquarters in the main urban centres or overseas. Except for the limited purchase of produce from agricultural suppliers, the principal benefit of tourism plant located in rural areas has been the provision of employment. In this respect rural enterprises appeared to have fared somewhat better since they accounted for 29.9 per cent of direct tourism work places (Table 6.20). Many handicraft selling enterprises and tourist attractions are found in rural areas, as are the larger (labour intensive) tourist resorts. Even so, 95.6 per cent of tourism jobs were restricted to the three major tourist zones.

On a broader scale, almost all of tourist industry turnover was confined to Viti Levu, the historical centre of European and foreign commercial activity in Fiji. Only 4.0 per cent of turnover came from the luxury tourist resorts on the islands offshore from Nadi and a mere 1.8 per cent was from enterprises located throughout the rest of the country (Fig. 6.1).

<u>The international distribution of tourism receipts</u>. Confining an analysis of the distribution of receipts solely to Fiji based enterprises seriously under-represents the importance of foreign companies. Fiji's tourist industry is only one of several tropical island destinations that are integrated into the international travel networks controlled by metropolitan airline and tourism capital. These metropolitan interests oversee many essential aspects of the total travel experience undertaken by Fiji-bound tourists (Table 6.21). The $79.843 million spent in 1977 by tourists in Fiji was only part of their total holiday expenditures. Of the 174,000 visitors who arrived in Fiji in that year 70 per cent were estimated to have purchased inclusive tour packages (spokesman, Society of Fiji Travel Agents 1977, pers. comm.). The majority of the remaining 30 per cent purchased excursion fares from international air carriers. A further 57,000 tourists visited Fiji on South Pacific cruise-ship tours. A significant part of the money spent by these tourists went to metropolitan airline, cruise-ship and travel companies because, Fiji being thousands of kilometres from tourist markets, the cost of travel, whether by ship or aircraft, is the greatest single expense for most tourists. (In addition, cruise-ships provide accommodation and offer essential services.)

The proportion of all tourist expenditures going to metropolitan companies is commensurate with their commercial control of the industry. While no data are available on

Table 6.20

The Fiji tourist industry: regional distribution of direct employment by sector, 1977

Geographic region	Persons employed in each sector: Accommodation sector	Travel and tour sector	Tourist shopping sector	Handicraft vendors sector	Handicraft 'manufacturers' sector	Entertainment groups sector	Total employed No.	Total employed %
Cities:								
Suva	712	266	402	353	145	40	1,918	28.9
Lautoka	102	145	90	144	-	-	481	7.3
Subtotal	814	411	492	497	145	40	2,399	36.2
Towns:								
Nadi	33	69	310	23	-	93	528	8.0
Nadi Peri Urban	915	214	-	13	8	203	1,353	20.4
Sigatoka	8	-	102	6	-	-	116	1.8
Ba/Tavua	20	-	4	-	-	-	24	0.3
Rakiraki and hinterland	45	-	4	-	-	-	49	0.7
Levuka	21	-	-	-	-	-	21	0.3
Savusavu	41	-	5	30	-	-	76	1.1
Waiyevo	29	-	-	-	-	-	29	0.4
Labasa	33	3	9	-	-	-	45	0.7
Subtotal	1,145	286	434	72	8	296	2,241	33.9
Rural areas:								
Rewa/Coral Coast	936	63	-	68	24	290	1,382	20.9
Malolo, Mamanuca, Yasawa Islands	269	-	-	132	-	144	545	8.2
Ovalau	8	-	-	-	-	-	8	0.1
Savusavu	8	6	-	26	-	-	40	0.6
Taveuni	-	5	-	no data	no data	-	5	0.5
Subtotal	1,221	74	-	226	24	434	1,980	29.9
Total Number	3,180	771	926	795	177	770	6,619	
Total Percentages	48.0	11.6	14.0	12.0	2.7	11.6	100.0	100.0

Sources: Field surveys 1977, estimates; various unpublished government files 1977, pers. comm.

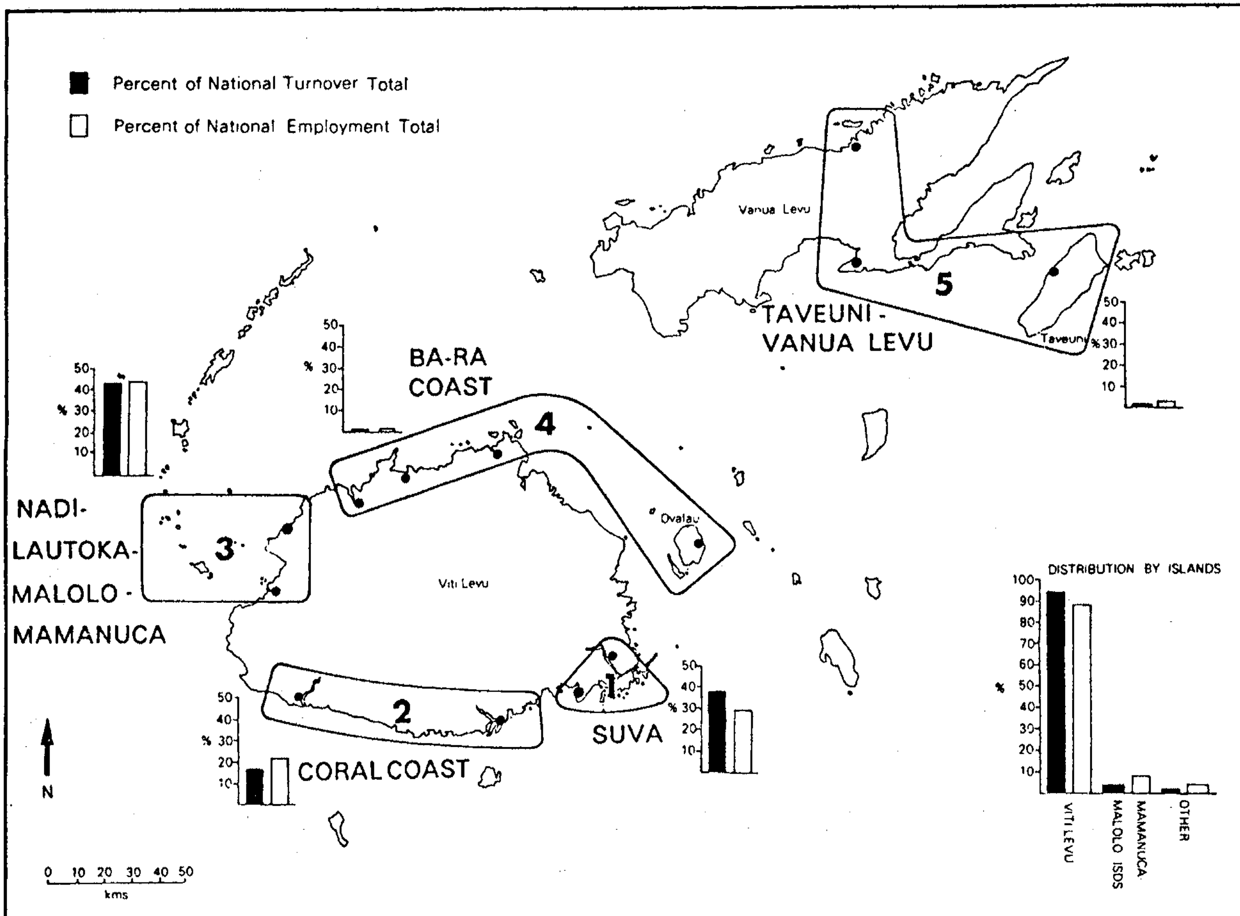


Fig. 6.1 Fiji: distribution of tourist enterprise turnover and employment, 1977

Table 6.21

Tourist purchases: percentage distribution between metropolitan country and Fiji based tourism enterprises, 1977[a]

	Percentage of tourists purchasing in:			
Tourist goods and services	Tourists' country of residence	Other country visited prior to Fiji	Fiji	Percentage of tourists making purchases
Airfares	95.8	4.2	-	100.0
Accommodation bookings	70.8	12.5	11.1	5.5
Tour bookings[b]	52.7	4.1	11.1	31.9
Air transport bookings[b]	43.0	-	4.1	52.7
Car hire bookings[b]	18.0	-	16.6	65.2
Travel insurance	48.6	-	-	51.3
Travellers' cheques	81.9	1.3	2.7	13.8
Money transfers	5.5	5.5	37.5	51.3
Duty-free items	4.1	8.3	40.2	47.2

[a]This table is based on a *non-random* sample of 72 tourists arriving in Fiji by air on three international flights: one from New Zealand, one from Australia and one from the United States.

[b]Fiji based tours, air flights and car hires only.

Source: Field survey 1977.

commissions to travel agents, tour companies, banks and other sectors, it is estimated that foreign corporations controlling the international transport linkages to Fiji are responsible for the single largest share of Fiji-bound tourist expenditures (Table 6.22). Thus $54.014 million is generated from Fiji tourism over and above that spent by tourists within the country. In other words, 40.3 per cent of total tourist expenditure went to foreign transport companies (cf. Varley 1978:82). This income, however, cannot be isolated from overseas involvement in Fiji's ground plant because of the interwoven interests of the two groups. In 1977 foreign companies were estimated to be responsible for 75.8 per cent of all tourist expenditures, inside and outside of the country (Table 6.23). Locally owned tourism enterprises, by comparison, produced only 24.2 per cent of the estimated $133.861 million tourist industry turnover.

Table 6.22

The Fiji tourist industry: distribution of tourist receipts between metropolitan and Fiji national industry sectors, 1977

Sector	Gross turnover ($'000)	Percentage of turnover
Metropolitan airline companies[a]	35,335	26.4
Metropolitan cruise-boat companies[b]	18,679	13.9
Fiji based:		
Accommodation sector	31,720	23.7
Travel and tour sector	13,789	10.3
Tourist shopping sector	26,640	19.9
Handicraft sector	1,419	1.1
Miscellaneous tourist expenditure	6,276	4.7
Total	133,861[c]	100.0

[a] Calculated as follows: Total airline income from the Fiji sector was estimated to be $64,139,000; 50.1 per cent of this was estimated to have been generated by tourists visiting Fiji as their sole destination. The remaining $32,005,000 represents air travel expenditure from tourists using Fiji as a stopover across the Pacific or as part of a multi-destination holiday. Of this sum, an arbitrary 10 per cent ($3,200,500) is assumed to be attributed to Fiji destination expenditure (Appendix 6).

[b] Calculated by assuming Fiji was responsible for generating 32 per cent of cruise-boat company incomes (Appendix 7).

[c] Total does not correspond exactly to subtotals owing to rounding of the latter.

Source: Field survey 1977, estimates.

Political and social costs of tourism

The bulk of tourist expenditures has gone primarily to foreign companies. This had led to several costs being imposed on Fiji, in particular the overwhelming marketing power of foreign firms. The possible higher profits derived from their commanding market shares may have led to a drain on foreign exchange reserve and restraints on local enterprises. Purchasing policies, tax laws, sole agency rights, takeovers and other practices associated with foreign companies may also have gone against the national interest. The management of the economy, determination of long-term strategies and short-term policy decisions all become more difficult where there is a dependence on foreign capital, particularly where foreign interests have formed collusive relationships with commercial and political vested interest groups.

Table 6.23

The Fiji tourist industry: international and national distribution of receipts by foreign and local enterprises, 1977

Ownership category	Gross turnover ($'000)	Percentage of turnover
Foreign airline corporations	35,335	26.4
Foreign cruise-boat companies	18,679	14.0
Foreign duty-free importers and suppliers	15,200	11.4
Foreign Fiji ground plant companies	32,108	24.0
European Fiji companies	10,467	7.8
Indian Fiji companies	10,993	8.2
Fijian Fiji companies	719	0.5
Other Fiji companies	2,564	1.9
Miscellaneous tourist expenditure[a]	7,796	5.8
Total[b]	133,861	100.0

[a]Includes government fiscal taxes on duty-free imports.

[b]Total does not correspond exactly to subtotals owing to rounding of the latter.

Source: Field survey 1977, estimates.

In so far as the government recognizes the implications of its firm commitment to foreign capital led development strategies, conscious decisions have been made to trade-off such costs. There has been a clear preference in favour of short-term expansion of the economy, the preservation of a stable investment climate and the minimization of racial and political discontent (e.g. Ganilau 1976:32). The pursuit of tourism development as part of this overall strategy has caused increasing concern within the Fijian polity over a range of social and cultural issues. Reference has already been made to the degradation of traditional Fijian song, dance and other ceremonial customs (see Chapter 5; see also Qionibaravi 1973:37-44; Rajotte 1978:14-15; and Thompson 1973:45-8). There is also unease over the links between tourism and prostitution, the assumed increased incidence of extended family breakdown and alcoholism among Fijians, and environmental degradation (Baines 1977; Naibavu and Schutz 1974:59-68; Qionibaravi 1973:40-3; Rajotte 1978:12-13; Waqa *et al.* 1976). No evidence is available to show how tourism directly induces these or other social problems (partly because of the extreme difficulty in isolating the impact of tourism on indigenous society from the wider processes of societal change).

It is recognized though that tourism has inherent characteristics which make its social impact more visible than some other change agents.[26] Of particular importance is that Fijian participation in tourism has exacerbated social forces modifying Fijian class relationships. Representatives of the chieftancy class have made a plea for more rigorous institutional enforcement of 'the basic' Fijian values of 'respect, honour and obedience' which tourism has helped to erode (Waqa *et al.* 1976).[27] It is this dissolution of the traditional Fijian way of life that is one of the root causes of the government's current attitude towards tourism. With the stagnant state of the industry government has been conspicuously reluctant to provide tacit, verbal or financial support for tourism (e.g. Hamilton 1977:6, Mara 1979). The reasons for this ambivalence are many and varied. Given the complex and multifaceted nature of the industry, and the fact that it is essentially a metropolitan country product, many of Fiji's public servants and politicians do not understand the dynamics or the requirements of tourism. At the highest political level, the industry is also seen as an overt expression of Fiji's domination by foreign capital and 'big business'. Encouraging this view has been the blatantly speculative expansion of tourism plant by foreign and European commercial interests during the 'boom' years of 1968-74, the reluctance of the industry to contribute to the Fiji Visitors' Bureau budget, the behaviour of airline companies, the relegation of indigenous enterprises to secondary roles within the industry and high powered lobbying by vested interests (Ernst *et al.* 1974; UN/IBRD 1973). All these factors have seriously reduced official sympathy for the industry.

An ambivalent attitude to tourism has also been caused by ideological and vested interest conflicts within the ruling Alliance Party. With an increasingly nationalistic attitude by Fijian 'traditionalists' after the political events of 1977, strong support was evident in Cabinet for strengthening the

---

[26]It should be realized that concern for tourism induced social and cultural change is almost entirely confined to the Fijian community. As with tourism promotion, the cultural traditions of the Indian community have been largely ignored.

[27]That is, these values should be incorporated and widely disseminated through the education system, various mass media, and Fijian political and administrative organizations.

privileges of Fijians (especially chiefs).[28] On the other hand, key Cabinet and Party positions have been held by (European) members strongly identified with the tourism industry lobby. A third pressure group, represented most strongly by senior public servants and other advisers, regard the development of tourism as inescapable given the structure of the economy and the lack of viable alternative sources of income. The encouragement of tourism is also considered by the Fijian chieftancy as partially detrimental to their class interests and inconsistent with their stated preferences for rural (that is Fijian) community development programs. This view is closely linked to the issue of an imbalance in cash earning opportunities available to Fijians as opposed to Indians and Europeans. In the longer term, however, tourism is seen by many politicians and senior public servants as simply a stop-gap measure. Given the structural and marketing problems of expanding sugar production, tourism is seen as filling a transitional role until the expected successful development of timber and perhaps copper mining export industries. With no expected long-term reliance on tourism to bring in foreign exchange, no necessity is seen for the further diversion of scarce local funds into the industry.

In summary, the performance of tourism companies over the last decade has led to a close and critical examination of the industry. This has coincided with an understanding within Fiji's ruling groups of the contradictions inherent in Fiji's neo-colonial economy and the role tourism plays within that economy. Where national and industry needs conflict there have been ad hoc trade-offs between the two. The form that the resolution of conflict took depended on the specific national issues and vested interests involved. The overall result has been neither explicit acceptance nor rejection of tourism by government, or the community generally. This ambivalence, and its causes, are all the more understandable given the intra-national and international distribution of tourist industry income. While in purely economic terms, the industry probably brings with it as many advantages as it does disadvantages.

---

[28]For the first time since Independence, the Alliance Party, a coalition of European and Indian (large-scale) capital and Fijian chieftancy interests, was defeated at the polls by the National Federation Party which represented broad Indian community interests. This defeat, although overturned by the intervention of a Fijian chief in his capacity as Governor-General, was facilitated by a significant anti-chieftancy vote among Fijians with 25 per cent of the Fijian vote going to the Fijian Nationalist Party (Ali 1978:151).

Chapter 7

Conclusion: overview and postscript

The advent of tourism to Fiji can be seen as the outcome of two mutually reinforcing sets of factors (Fig. 7.1). The dynamic of colonialism created economic and political stresses which, while reflecting the logic of the colonial system, necessitated the further introduction of like economic forces. Tourism was one such means of alleviating these stresses. Yet tourism was itself part of the colonial system. And as a representative of metropolitan capital, the industry will help to create another series of problems in a post-Independence context.

On the one hand tourism brings obvious economic benefits. The two most important have been the generation of useful sums of foreign exchange, and the attraction of public and private foreign capital. In addition over 9000 jobs have been created, directly and indirectly, in a labour surplus economy. The industry, through its rapid expansion after 1960, also played a key role in diversifying the country's limited export base. As such tourism helped reduce instability in export incomes, Gross Domestic Product growth, gross fixed capital formation and capital imports. As a further benefit, tourism helped provide Fiji with extensive international transport and communications networks, and facilitated the upgrading and expansion of local infrastructure.

On the other hand, these benefits have been acquired at considerable cost. The most important and tangible of these costs have been the administration of tourism, the provision of investment incentives and the public construction and maintenance of tourism infrastructure. Of greater significance have been the intangible costs. To reiterate one of the central themes of this essay, the tourist industry, with its dominant metropolitan interests, its technological and political requirements and its spatial characteristics, has imposed on Fiji a development mode that exacerbated those adverse conditions typical of a dependent capitalist social formation. The distribution of tourism income aggravates already serious class and racial tensions in Fiji society. Tourism activity is also distributed in such a way as to reinforce the high degree of regional inequality evident in the country's spatial organization.

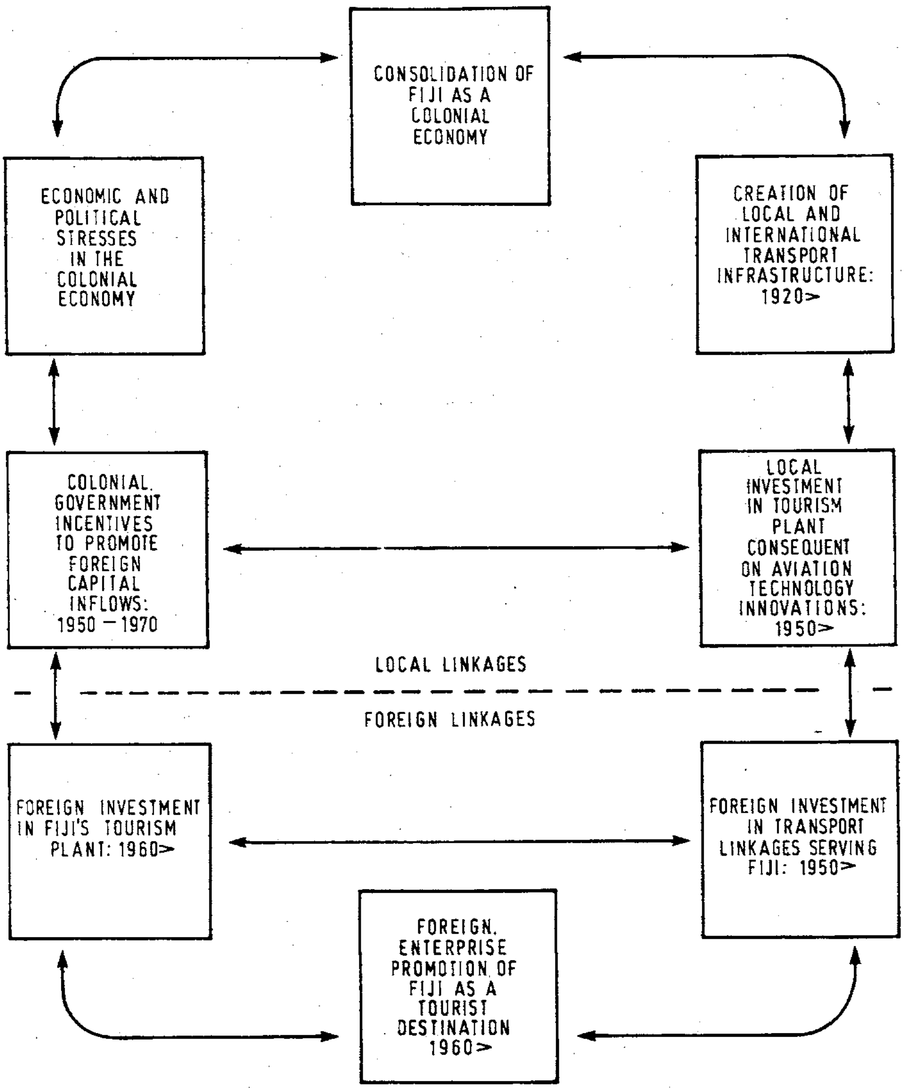


Fig. 7.1 Factors determining the 'take off' of tourism development in Fiji

Foreign capital, because it has been the main force behind the development of Fiji tourism, has become the main beneficiary of the industry. In 1977 overseas companies received 65.6 per cent of tourist accommodation expenditures, 59.7 per cent of travel and tour expenditures, 63.4 per cent from shopping expenditures and were responsible for virtually all purchases of airline and cruise-ship services. Except for the government, Fiji's European business community was the local group which gained most from tourism. In addition to their substantial shareholdings in foreign tourism companies, and their influence in public sector decision-making, they reaped the rewards from owning 29.7 per cent of accommodation companies, 15.8 per cent of that sector's turnover and 36.0 per cent of travel and tour sector turnover. At the other end of the spectrum Fiji's non-white indigenous groups were confined to relatively unprofitable activities. While they provided the labour requirements of tourism enterprises, their control of tourism capital was minimal. Indian, Fijian, and Chinese, Polynesian and Public enterprises collectively accounted for 18.6 per cent, 4.3 per cent and 12.7 per cent respectively of accommodation, travel and tour, and tourist shipping sector turnover. Only with handicrafts and entertainment groups (both activities having very low rates of remuneration) were indigenes the main beneficiaries.

This pattern has been contingent upon the parallel concentration of commercial resources, power and expertise in the hands of large overseas firms. Three corporations provided more than 90 per cent of international airline seating capacity (excluding regional carriers) and five corporations accounted for all Fiji cruise-ship operations. Within Fiji, hotel chain companies operated 65.2 per cent of the country's total accommodation stock and 58.3 per cent of turnover, nine travel and tour companies were responsible for 85.8 per cent of that sector's turnover, seven firms imported 63.0 per cent of tourist shopping sector trading stock, and 2.8 per cent of handicraft enterprises accounted for 36.7 per cent of that sector's turnover. It is this organizational characteristic of tourism that is probably the single most important factor determining the contribution the industry makes to Fiji's economic and social development goals. Because Fiji had few alternatives with which to achieve its development objectives, reliance in the last decades of the colonial government was placed on the attraction of foreign capital for the expansion and diversification of the economy. The further reliance on foreign capital after Independence reinforced this dependence since the principal dynamic of the economy continues to be dominated by metropolitan interests, whether they be in tourism, mining, timber exports, or infrastructure provision.

Because of this inheritance, local racial politics and the class composition of the current ruling political party, it has been very difficult for government to impose effective planning guidelines on tourism that would make the industry more compatible with national development goals. Government reaction to the pronounced boom, bust and gradual resurgence of the tourist industry has thus been one of ad hoc measures that appear neither to fully support, nor adequately guide the industry. Yet whatever the costs of tourism, Fiji has not been in a position to reject large-scale foreign tourism capital. In the face of balance of payments deficits and low domestic savings, foreign capital eased some economic problems. But it has provided a means to sidestep (at least in the short to medium term) the serious structural, political and racial distortions fundamental to the country's social organization. Tourism in Fiji, therefore, operates in two contradictory directions. It helps to alleviate problems derived from Fiji's colonial legacy. But tourism is itself a product of this colonial structure and acts to exacerbate many essential features of this original condition. As a 'stop-gap' measure tourism provides a useful contribution to the expansion of Fiji's productive base from which much needed development finance can be acquired. But the government has little influence over where and in what form foreign companies invest their capital. The allocation of such capital may not result in economic outcomes that are conducive to national sovereignty or general social well-being for Fiji's citizens. The activities of tourism companies may also tie up substantial sums of scarce public and private domestic resources and so incur irreversible opportunity costs for the nation.

Postscript

The future for Fiji's tourist industry will probably be one of steady growth. After the period of stagnation, the 1972 record of air arrivals was surpassed in 1979 with 188,700 visitors. Since then the benchmark figure of 200,000 tourists has been reached. The intervening years since 1972 have, however, seen a shakedown within the tourist industry. Some small enterprises, and several large companies, have closed, withdrawn or rationalized their Fiji operations. The remaining more competitive and commercially powerful companies have consolidated and expanded their market shares. At the same time, the observable differences between foreign and European participation in the industry on the one hand, and the involvement of Fijians and Indians on the other have sharpened. These changes have had two effects. They have reaffirmed the structural and ownership characteristics of Fiji tourism, and paradoxically they have laid the foundation for greater national influence over some aspects of the industry.

The tourist market. Fiji's susceptibility to external pressures has continued. While tourist numbers show an overall resurgence, the trends for each of the major markets illustrates the types of problems that will always plague local tourism (McIntyre 1980a). In 1979 tourist inflows were badly disrupted when legal action in the United States forced Air New Zealand, UTA and Continental Airlines to withdraw their DC-10 aircraft for nearly three months during one of the peak holiday periods. In the same year the combination of a tropical cyclone and a fiasco caused by a large hotel resort substantially overbooking its rooms meant that bad publicity kept a large number of tourists away from Viti Levu's Coral Coast.

Nevertheless, Australians are now holidaying in Fiji in greater numbers. But Fiji's share of the Australian travel market is declining as cheaper long-haul fares to Europe, Southeast Asia and the United States divert tourists away from Pacific island stop-over destinations. The volume of visitors from New Zealand has fluctuated markedly since 1974. While there seems to be some improvement, this variability has continued and reflects the cyclical impact of different market forces. More accessible long-haul destinations, especially the United States, have taken New Zealanders away from Fiji. This trend has been reinforced by the continuing devaluation of New Zealand currency. The cost of the United States dollar and a strong Fiji dollar have created an important disincentive for New Zealanders to visit Fiji and a preference for North America. Cheaper trans-Tasman fares have further diverted New Zealanders away from Fiji.

While the overseas holiday market out of New Zealand expanded 81 per cent between 1976 and 1980, the growth of Fiji's share of that market increased by only 14 per cent. This represents a decline from a 17.5 per cent share of the New Zealand market to 11 per cent. Over the same period air travel costs for New Zealanders to Fiji increased by 50 per cent while the cost to Australia and the United States increased by only 13-15 per cent. Similarly, given the relativities of the New Zealand dollar, the estimated cost of an average hotel room in Sydney increased by 39.9 per cent between 1975 and 1979 while the Fiji equivalent in Nadi increased by 62.8 per cent. Fiji has faced a corresponding loss of competitiveness for Australian and United States visitors (McIntyre 1980b). These problems have been partly countered by Air New Zealand and Air Pacific offering new, more attractive, especially off-season, holiday packages. Fiji also has the advantage that no matter what the relative costs of travel to more distant destinations, it is still, in absolute terms, one of the most accessible vacation spots for New Zealanders.

For American visitors there has been an improvement in the accessibility of Fiji. In 1978 Qantas withdrew its US-Fiji flights, competitive non-stop trans-Pacific flights were introduced and Pan Am ceased all its Fiji operations. The growth of charter flights and CP Air's DC-10 terminator services effectively nullified these events. More importantly Continental Airlines, with its merger with a United States domestic carrier, and its priority of establishing the viability of its South Pacific routes, has greatly enhanced transport links, with competitive fares, between the United States and Fiji. It would seem that in the foreseeable future Fiji will be able to tap the North American tourist market much more effectively than in the past.

The other bright spot for Fiji has been the confirmation of scheduled air services by JAL, the Japanese flag carrier, and the renewal of flights by the Chilean airline. It is expected that, as air links improve, as travel promotion makes itself felt, and Japanese investment in Fiji increases, the flow of tourists from Japan to Fiji will rise dramatically in the years ahead. Tourist interests in Fiji appear to be making every effort to encourage this trend by establishing Japanese restaurants and providing personnel fluent in the visitors' own language. The flow of tourists from Europe has also grown significantly in the last few years. It should be remembered, however, that Fiji is a great distance from these expanding markets. Apart from the great range of intervening destinations, the absolute cost of airfares is very high. Another considerable change in the economics of airlines operations, currency fluctuations or re-negotiated government-to-government air traffic rights agreements with intervening destinations could very easily undermine tourist flows from these markets to Fiji.

Tourist facilities. There is no clearer indicator of the anticipated buoyancy of Fiji's tourist industry than the current expansion of tourist facilities. There have been several additions to the travel and tour sector since 1978. There has also been some realignment of share interests by existing companies.

A major water-cruise tour company has been bought out by one of the principal European owned tour wholesalers. Another foreign cruise-ship company has, for the first time, been transferred to the hands of a Fijian owner. More important are the eight new tour ventures. Four of these are extensions of activities run by Indian and European enterprises in Labasa and on Taveuni. The rest, ranging from helicopter scenic flights to a variety of ground tours, are based in Suva or Nadi and are run by Europeans. The largest of these is a major tour wholesaling enterprise. The pattern of these recent additions to the travel and tour sector mirrors previous trends. It is here that local Europeans have shown the greatest propensity to engage in Fiji's tourism.

More telling have been the large number of new accommodation enterprises that have been established. By the end of 1980 several of the most successful hotels and resorts had extended and upgraded their plant — especially in Nadi, Lautoka and in the off-shore western islands. But it is the number of new establishments that is significant. Since mid-1977 there have been fourteen hotels either built or had their first planning phases implemented. Of those already in operation the 250-room Hyatt Regency is the largest. All told, the new and planned complexes will add a minimum of 850 rooms to Fiji's accommodation stock. If planned condominium units and resort hotels at Saweni Beach and Pacific Harbour are completed, this figure could double. As it was, by early 1982 905 new rooms had been added: either to existing hotels or as new accommodation units. This represents a 24 per cent increase over the number of rooms available in 1977.

This growth in accommodation has been associated with some rather less sanguine trends. Since 1978 nineteen hotels have either changed hands or are currently for sale. Several of the largest hotel corporations in Fiji have changed hands. The New Zealand owned Tourist Hotel Corporation, in a move to release substantial sums of capital tied up in hotels for more profitable use by its Trans Tours affiliate, is selling fourteen of its hotels, including three located in Fiji. Since these are medium priced, average international standard hotels, it is likely that other overseas buyers will acquire these properties because of the scarcity of local capital. Similarly the resorts owned by the South Pacific Properties group have been purchased by an Australian based Malaysian entrepreneur.

Other hotels have changed hands between foreign, European and Indian companies. On balance, a perceptible shift in the ownership composition of existing hotels is observable. There has been a net gain of approximately 296 rooms by foreign companies, the net acquisition of 19 rooms by European and Indian interests, and a loss of 339 rooms by the hotel chain run by public companies. In other words there was a further dilution of the already tenuous equity participation of Fijian shareholders and an expansion of foreign share capital.

This movement in the distribution and control of existing accommodation stock is overshadowed by the impact of the hotel construction program that has been underway since 1978. Of the 905 new rooms available in 1982, 855 or 94.5 per cent of these have been provided by foreign investors — 59 per cent by North Americans, 29 per cent by Japanese and 11.7 per cent by Australians and New Zealanders. The other 50-odd hotel rooms are provided by European and Indian companies. In the light of these figures there seems little doubt that, in the accommodation sector at least, foreign control of Fiji tourism is increasing.

It is also interesting to note the spatial distribution of this new plant. Nearly 12 per cent of the rooms are in the Viti Levu west coast and off-shore island tourist zone. The majority, 81 per cent, are on the Coral Coast. Some 66 rooms, 7.3 per cent, are located in Kadavu, Lau and Vanua Levu — this is the first time that tourist accommodation has been available in some of these peripheral island groups. Nevertheless, the already substantial Coral Coast cluster has been reinforced. What is more, if planned Saweni Beach and Deuba projects go ahead then several hundred additional rooms will swell the regional concentrations on southern and western Viti Levu (see below).

International air transport. The renewed inflow of foreign hotel capital into Fiji is a double-edged sword. On the one hand it clearly enhances the country's tourist product, while on the other it reinforces the country's inability to regulate the industry in a manner best suited to the achievement of wider social development goals. This situation of counterbalancing and conflicting outcomes is observable to a much greater degree in the international aviation scene. The probable long-term trends in Pacific aviation would appear to pose fundamental problems for Fiji tourism. But, at the same time, opportunities are arising that will enable Fiji, through Air Pacific, to acquire the ability to secure greater stability of tourist flows.

There are three sets of factors that are of profound importance for patterns of international air tourist movements in the foreseeable future — the deregulation of practices governing aviation and rapidly escalating airline operating costs, changes in the foreign carriers flying in to Fiji, and the new role envisaged for Air Pacific.

At a time when aviation fuel costs have risen, on average, from 12 per cent of airline operating costs to around 35 per cent, the major carriers flying through Fiji have attempted to stimulate patronage by significantly reducing air fares. The subsequent reverberations from the deregulation of United States airlines, the strengthening of sectoral monopolies by some carriers, and the severe inter-airline competition faced by others have taken several forms. Most important has been an appreciable increase in the readiness for metropolitan airlines to bypass stop-over destinations if these routes are not sufficiently profitable. This has several causes. The most obvious is the pressure to reduce current operating costs and maximize money flows through the most efficient use of seating capacity. Thus Qantas has dropped one of its weekly terminator flights to Fiji. It is the longer-term policy strategies of airlines which may be of more concern to island governments.

There is a global move by airlines to re-equip their fleets. Trapped by acute competition and rising fuel and recurrent costs, airlines will have to undertake huge capital investments in the next decade for the purchase of more efficient aircraft (McIntyre 1980c:5; Morris 1980). Among other things, this will force carriers to become preoccupied with the yield that can be generated from each flight and each seat (McIntyre 1980c:5-7). Thus fewer low-cost fares and more first and business class seats will be offered, while the average cost of air travel will increase generally. Airline re-equipment has another important implication. Fiji has already experienced the decline in flight frequencies (but not always seating capacity) as metropolitan carriers switch over to wide-bodied B-747 and DC-10 jets. This trend will continue as new generation long-range aircraft become larger and encourage the concentration of route networks on the major gateway cities of the Pacific rim.

The principal outcome of these likely events is that international airlines will come to dominate the tourist trade to a greater degree than in the past. Airline prerogatives and control over fare pricing, route networks, flight frequencies and market advertising will mean the future subordination of tour company, hotel and destination tourist interests to airline priorities.

As preceding discussion has shown, Fiji has already been subject to the first round of rationalization by foreign airlines as they withdraw or reduce their services. Now that Continental Airlines has replaced Pan Am (Fig. 3.3F) and Qantas has cut its west bound traffic across the Pacific (Fig. 3.3B), it is unlikely that carrier capacity from the United States will expand in the foreseeable future. But there are some bright spots for Fiji. CP Air has replaced its ageing DC-8 with the larger DC-10 aircraft and now provides long-haul flights from Toronto to Fiji via Honolulu (Fig. 3.3H). Air New Zealand's replacement of DC-10s with B-747s will again increase the number of potential seats available to Fiji, although in the more distant future it is possible that Air New Zealand's re-equipment program could be to Fiji's disadvantage. The move increases the airline's over-flying capacity while encouraging the deployment of much smaller, less comfortable B-737s on the short-haul international sectors. As it is, Air New Zealand has already begun to service Tonga, the Cook Islands and Western Samoa with these small aircraft. Fiji is included in this with terminator flights and the 'loop route' through Suva to Rarotonga and return being flown by B-737s.

Some alleviation of this situation will come through an increase in traffic from Asia. The route inaugurated in 1979 between Tokyo and Auckland has significantly increased the flow of Japanese tourists to Fiji since Nadi is the one refuelling stop for Air New Zealand and JAL (Fig. 3.3D). An equally significant event has been the successful negotiation of mutual air traffic rights between Fiji and Southeast Asian carriers — especially Singapore Airlines. While these countries provide Fiji with some of its toughest competition in the Australian and New Zealand tourist markets, Southeast Asia is likely to become the major new tourist source for Pacific destinations.

The possibility of greater diversification of Fiji's tourist base would certainly be welcomed by local industry and government. But this will not alter the domination of the country's international transport services by foreign carriers. In 1979 nearly

155,000 passengers were brought to Fiji on five airlines (excluding CP Air). Of this total Qantas had a 36 per cent share, Air New Zealand 34.1 per cent, Continental and Pan Am 15.3 per cent and Air Pacific 14.7 per cent (*Traveltrade Magazine* 1980, 4 July).

To counter the threat of another era of foreign carriers overflying Fiji, the government has indicated its intention to expand Air Pacific's operations. With a commitment to a re-equipment program, the government has laid the foundations for Air Pacific to become the 'saviour' of Fiji's tourist industry by establishing adequate air services with the country's major tourist markets (Vakatora 1980:7). A comparison of Air Pacific's share of seating capacity with foreign carriers since 1978 shows that the company has begun to take on this new role (cf. Table 3.4 and Table 7.1, Fig. 3.3J-K).

The government is purchasing those remaining shares in Air Pacific still held by Qantas and Air New Zealand. This will remove related conflicts of interest with the airline's board of directors. Of more immediate importance has been concerted government effort to improve and expand Air Pacific access to other destinations. On the Auckland sector an agreement has been reached giving both Air New Zealand and Air Pacific a 50 per cent share of traffic when the Fiji airline has the appropriate equipment — a formula approved with reluctance by Air New Zealand. A similar agreement has been concluded in principle for the Sydney and Brisbane sectors by a more co-operative Australian government. Fiji is a less important market for Qantas than for the New Zealand flag carrier.

These bilateral agreements mean that Air Pacific can claim a substantial share of the tourist traffic from these key markets. Both the airline's commercial viability and the stability of Fiji's tourist flows will be improved. Air Pacific's horizons, however, now go far beyond these traditional gateway cities. Bilateral traffic rights have also been approved for Christchurch, Melbourne, Honolulu, Seattle, Tokyo, Vancouver, Hong Kong and Singapore. In addition negotiations are underway with Indonesia, Thailand, the Philippines, Papua New Guinea and neighbouring Pacific island states.

But there is, unfortunately, a yawning gap between Air Pacific's existing operational capacity and the market opportunities presented by this proliferation of air traffic rights. The airline is caught in a particularly difficult financial bind because of rising costs, reliance on inefficient aircraft, and a limited capital budget (Aidney 1980). At a time when fuel costs represent 35 per cent of Air Pacific's total operating costs, the airline is doubly hampered by having to run BAC-111 jets. In terms of fuel per passenger, these aircraft incur twice the costs of the B-747 and one and a half times more than

Table 7.1

Fiji flight sector seating capacity: shares held by international carriers and Air Pacific, June 1981

Airline	No. of stopover flights	No. of terminator flights	Aircraft type	Estimated[a] number of seats, week	Per cent of weekly seating capacity	Per cent of 1979 passengers
Air New Zealand	5	3	DC10, B737	788	24.5	34.1
CP Air	1	1	DC10	384	12.0	-
Continental	2	-	DC10	256	8.0	15.3
Japan Air Lines	2	-	DC8	130	4.0	-
Qantas	-	3	B747	720[b]	22.5	36.0
Air Pacific	-	12	BAC111	922[b]	29.0	14.7

[a]Estimates are based on 100 per cent of all terminator flight seats and 50 per cent of all stop-over flight seats with the following exceptions: 10 per cent of seats on TE Auckland-Tokyo routes; 70 per cent on Air Pacific's indirect Brisbane-Nadi route; 80 per cent on Air Pacific's direct Auckland route; 50 per cent on Air Pacific's indirect Auckland route.

[b]Air Pacific has purchased 120 seats on each Qantas terminator. These 360 seats have been deducted from the Qantas' total and added to Air Pacific's total.

Source: Air New Zealand 1980, pers. comm.

the DC-10. On any route which Air Pacific shares with airlines operating either of these aircraft, the company is at a serious competitive disadvantage. These and other factors have meant that for the three years between 1979 and 1981, Air Pacific incurred annual losses of $1 million, $6 million and $11 million respectively.

To improve its financial position the company has two main options: increase airfares and purchase new aircraft. While higher fares are inevitable, they will worsen the airlines competitive position compared to other larger carriers which can offer lower fares. They will also meet consumer resistance. The purchase of new aircraft is the obvious long-term alternative for Air Pacific. It can re-equip with larger, more fuel efficient aircraft which will allow the company to take up the routes granted by the recent bilateral agreements. But there are serious problems with a re-equipment program.

To become 'the saviour' of Fiji's tourist industry means operating aircraft capable of flying the longer haul routes between Fiji and the major tourist market countries. This will require aircraft significantly larger than the BAC-111. But Air Pacific also has an extensive route network between several Pacific island countries. The airfields in these countries are not able to accept aircraft heavier than the BAC-111s or B-737s. The huge costs of upgrading means these airfields will remain closed to bigger aircraft in the foreseeable future. So Air Pacific may have to undertake a two-level service using one aircraft format on the inter-island routes and another on the long-haul routes to metrpolitan countries. For a small airline this may put an undue strain on the company. But these costs will be overshadowed by the sums of money needed for the re-equipment program itself. New generation, fuel efficient aircraft in the 150-200 seater range such as the Airbus A-310 of B-767 will cost approximately $35 million each. Purchases of this magnitude have very important repercussions for the company and the Fiji Government - including funding loan money, a large repayment burden, the commitment of substantial foreign reserves, and the uncertainty of the income generating potential of Air Pacific's proposed new route network.

The decision by the Fiji Government to underwrite Air Pacific's expansion into a more competitive international environment has great risks associated with it. Whether the endeavour will succeed at a time of increasing airline operating costs and intense competition is debatable. In the meantime, Air Pacific is flying recently acquired B-737s to Australia and New Zealand. These aircraft are slightly larger than the BAC-111s and are more fuel efficient. An arrangement has also been made whereby 120 seats on Qantas's three weekly terminator flights have been block purchased. This allows Air Pacific to serve the Sydney-Nadi-Sydney sector while still evaluating alternative proposals for running its own flights. The real test of the company's viability will come in the mid-1980s when Air Pacific's new-generation aircraft are expected to be delivered.

Government attitude to tourism. It would seem that the Fiji Government has begun to clarify its attitude towards the tourist industry. After a decade of conflicting policy statements, which mirrored dissenting views within branches of government, there is now an attempt to co-ordinate policy more closely with industry needs. The government has come to accept the inevitability of tourism development. The industry will be an important component of the Fiji economy for the next decade or so. Given that is the case, the government is likely to make the industry as viable as possible within strict limits of government involvement. The Fiji Visitors' Bureau will get an expanded budget including a $2 million loan from the EEC which Fiji will share with Tonga and Samoa. This is in line with strong industry pressure to see government take up the burden of national tourism promotion.

The government will also expand the list of duty-free goods to help rejuvenate the tourist shopping trade. Because of the acute market situation this sector found itself in, an increasing number of traders have been, and will be, forced into other retail lines, while those remaining will have to cater for changing tourist shopping preferences. As it was, in 1979 only 30 per cent of tourist spending went on duty-free goods. This was down from 42 per cent in 1975. In a move perhaps to add a new dimension to Fiji's tourist attractions, the government is also considering reviewing its laws on gambling. It is possible that the government may encourage the introduction of new lotteries and casinos.

Such moves, however, still leave the government with serious policy problems. Apart from repeated pleas to the industry to increase local equity participation and use of indigenous foodstuffs in hotels (Mara 1979; Vakatora 1979), the government is unwilling to force any serious structural changes on the industry. The spending of more public monies on advertising campaigns for private (mostly foreign) companies, for example, may not necessarily be in the national interest. But the government stance is likely to be one of maximizing national benefits from the industry as it now exists. In terms of regional development policy, tourism plant will be encouraged to concentrate further in the three major tourist zones — Suva and especially the Coral Coast and western Viti Levu. This has two advantages for government; first, the spatial confinement of tourism so that its adverse social and cultural spin-offs will not disrupt other rural areas; second, to utilize to the fullest already existing, and very expensive, infrastructure — in particular the multi-million dollar Nadi-Suva highway. The government cannot afford to continue subsidizing a privileged tourist industry when other areas of Fiji need roads, airstrips and other services.

Perhaps the best example of this policy is recent moves by the NLTB over hotel leases. With most freehold land already tied up, Fijians in the tourist zones have command over a scarce commodity — land for leasing. With the larger number of new hotels being built and planned the NLTB has taken advantage of this situation to increase substantially the rental terms of hotel agreements. With current total rentals from hotels approaching the $300,000 mark the NLTB has every intention of doubling returns to Fijian land owning units by 1985. Furthermore the NLTB is specifically approving proposals for new hotels on land that is located near the Nadi-Suva highway. The new resorts at Denavau, Saweni, Korolevu and Deuba will help government to justify its large expenditures on the road. Proposals for resorts in more remote areas have been discouraged. Clearly this policy is laudable in terms of government seeking to make the tourist industry complement wider development goals. Although it is possible that this particular initiative will only exacerbate social and class inequalities within the Fijian rural community unless the large sums of money generated by these leases are put to appropriate collective village uses.

All told, government is attempting to make the tourist industry more aware of its social responsibilities to Fiji development requirements. It is also, by underwriting Air Pacific, attempting to counter forces inherent in the tourist industry which render Fiji vulnerable on a number of accounts. Whether the Fiji Government, or local private interests, can change the nature of the tourist industry fundamentally remains to be seen.

Appendix 1

Accommodation sector survey

A list of 94 accommodation units was compiled from consultation with the Fiji Hoteliers Association, the Fiji Visitors' Bureau, and the Ministry of Tourism. Of these, 85 were selected as providing accommodation appropriate for various types of tourists. From this list a 50 per cent stratified random sample was chosen. This two-way stratification was decided as follows:

(a) By accommodation unit size — hotels were divided into those with fewer than 30 rooms and those with 30 or more rooms (this figure was chosen so that data collected would be comparable with Fiji Bureau of Statistics classifications).

(b) By accommodation unit ownership — calculated on the basis of 50 per cent foreign owned companies and 50 per cent locally owned firms. However, in the end a slightly higher ratio of foreign firms was included because of their overwhelming importance in this sector.

The final sample was comprised as follows:

(1) 56.5 per cent of all large foreign firms (n = 12).

(2) 44.4 per cent of all small foreign firms (n = 4).

(3) 50.0 per cent of large local enterprises (n = 10).

(4) 51.9 per cent of small local enterprises (n = 14).

For hotel location, this procedure resulted in the following spatial stratification:

(1) Suva area — 45 per cent of firms (n = 14).

(2) Coral Coast — 50 per cent of firms (n = 8).

(3) Nadi-Lautoka area — 47 per cent of firms (n = 9).

(4) Mamanuca-Malolo Islands — 40 per cent of firms (n = 4)

(5) North Viti Levu coast — 57 per cent of firms (n = 4)

(6) Vanua Levu, Taveuni — 50 per cent of firms (n = 3)

The final sample was 40 hotels, or a 47 per cent sample of the total number of accommodation units (85). While no outright refusals for interviews were encountered, only limited data were gathered for some firms. There were also three subsequent deletions owing to hotels being closed or destroyed during the survey period. It should be noted, however, that, through various other sources, data on some questions were compiled for all 85 hotels, and these data have been incorporated into the tables presented in Chapter 4.

Appendix 2

Travel and tour sector survey

From observation and consultation with the Society of Fiji Travel Agents, a list of 46 enterprises was compiled. It was subsequently found that three of these firms had ceased operations. From the remaining firms, 37 per cent completed interviews were obtained and one refusal sustained. However, since many of the characteristics of the six unsurveyed firms were known, estimates of their various attributes were incorporated into all Chapter 4 tables (except where explicitly stated). It should be noted that only one of the firms for which estimates were necessary was of a 'large' size. Total survey coverage was 86.0 per cent of all known enterprises.

Appendix 3

Tourist shopping sector survey

A list of 194 tourist shops was compiled from observation, and consultation with the Duty-Free Dealers Association. From this a 50 per cent random sample was selected and stratified by geographic area. That is, 50 per cent of all tourist shops in each of the towns of Suva, Sigatoka, Nadi and Lautoka were selected plus 50 per cent of all known shops in other areas.

Subtracting two refusals, 94 (48.4 per cent) of all outlets were surveyed. In addition a 50 per cent sample of duty-free importers was conducted. Importers not already included in the retail outlet survey were randomly selected to make up a 50 per cent sample.

Appendix 4

Handicraft sector survey

A. Producers

From observation, and Ministry of Industries, Commerce and Co-operatives listings, sixteen enterprises were identified as specializing in the output of handicrafts for the tourist market. All sixteen firms were surveyed. Unfortunately a number of Fijian carvers known to operate in Suva and rural areas were not surveyed because they could not be contacted.

B. Vendors

It was not possible to conduct a strictly random survey of this subsector since the total vendor population was unknown. It was also essential to interview vendors on, or immediately after, a day when a cruise-ship was in port. This latter qualification was necessary to obtain accurate income data, and to ensure that the largest number of vendors as possible would be operating. Survey coverage, therefore, was on the basis of interviewing the maximum number of vendors in a given period of time (usually one or two days — on and after a cruise-ship visit). In addition, the number and type of all remaining enterprises were noted, along with the sex and ethnicity of the proprietor. From these latter data, estimates were calculated for each sub-group using averages of similar enterprises/proprietor categories derived from the surveyed population.

The coverage of surveyed enterprises was as follows:

	Number interviewed	Percent coverage
Suva permanent vendors	97	91.5
Suva periodic vendors	78	71.5
Suva street vendors	15	62.5
Sigatoka permanent vendors	6	100.0
Nadi permanent vendors	22	88.0
Lautoka permanent vendors	17	94.4
Lautoka periodic vendors	58	72.0
Coral Coast village stall vendors	4	66.7

In total, interviews were completed for 297 out of an estimated 552 vending enterprises — a 53.8 per cent national coverage. It should be noted, however, that 54.9 per cent (140) of the unsurveyed enterprises were village stall vendors in rural areas (100) and periodic vendors in Savusavu (40). The estimates for the former group were based on informal interviews and field observation of vendors at select hotel sites. While it may be claimed that this is an uncertain method of accurately ascertaining the contributions and characteristics of this group, it was clear from observation and discussions with various village and tourism groups that this type of vendor generated a very small proportion of subsector activity. In addition, the vending activity of this group was largely supplementary to subsistence and other rural based occupations. With regard to the Savusavu group, estimates were based on mostly secondhand descriptions of number and types of vendors. Because of the infrequency of cruise-ship visits to this town it was not possible to schedule a survey at a time when vendors would be active.

Appendix 5

Hotel and tourist-shop employees survey

This survey was designed to provide case study data on two issues: the practice of categorizing hotel occupations on the basis of race, and the degree to which hotels attracted labour away from other sectors of the economy (particularly farm labour).

To generate data on these issues within as short a time as possible, one set of case studies was selected to cover both sets of data requirements. Thus the Coral Coast was chosen (that is, that section incorporating Naviti, Korolevu, Korotogo, Sigatoka and Cuvu) since it was the site of several 'typical' tourist resorts, an extensive tourist shopping complex, and included the market gardening and sugar-cane areas of the Sigatoka Valley. Within the limits of a restricted time budget, a 'manageable' 33.3 per cent random sample of hotels and tourist shops was selected. This resulted in the selection of two (out of seven) tourist resorts, and eight (out of 24) tourist shops. These enterprises collectively represented 181 wage and salary earners (i.e. excluding self-employed proprietors). From this population interviews were completed for all (21) tourist shop assistants, and *one* complete work shift (100) of tourist employees. This represented a 66.9 per cent coverage of all wage earners from these enterprises.

Appendix 6

Calculation of estimated gross income of international airline companies

Assumptions and procedure:

(1) Data calculated initially only for Australian, New Zealand and North American tourists (84.5 per cent of 1976 tourist arrivals).[1]

(2) 1977 tourist arrivals for each of these groups were calculated assuming an 8.0 per cent increase over 1976 arrivals.

(3) Seventy per cent of all arrivals were assumed to be on package tours, and 30 per cent on excursion fares. The airfare component of package tours was assumed to be 60 per cent and the ground plant component 40 per cent of tour costs.

(4) Average tour costs for a seven-night, eight-day package were assumed to be \$433 from Australia, \$360 from New Zealand and \$772 from North America. Tourists from 'other' destinations were assumed to have paid an average tour cost of \$500.

(5) Tourists on excursion fares, and those on package tours from 'other' destinations, were assumed to visit Fiji as only one of several stop-over destinations. Thus Fiji as a destination was assumed to be responsible for inducing 15-20 per cent of airfare expenditures of these travel groups (approximately 17 per cent). Excursion fares were assumed to be \$296 from Australia, \$208 from New Zealand, and \$684 from North America. Given these assumptions, the following calculations were made:

Package tour passengers

Australians	70 per cent of 63,161 x \$433 ÷ 60 per cent
New Zealanders	70 per cent of 45,621 x \$360 ÷ 60 per cent
North Americans	70 per cent of 38,831 x \$772 ÷ 60 per cent
	= \$30,975,047
Others	= 70 per cent of 33,482 x \$500 ÷ 60 per cent less 90 per cent
	= \$703,122

---

[1]Bureau of Statistics data published in monthly statistical bulletins.

Excursion fares

30 per cent of 181,095 visitor arrivals = 54,329

Australians	19,558 x $296
New Zealanders	14,126 x $208
North Americans	11,952 x $684
Others	8,693 x $500
	= $21,249,044 less 83 per cent (i.e. leaving 17 per cent)
	= $3,656,831

Total airline income therefore assumed to be:

$30,975,047
$703,122
$3,656,831

$35,335,500

Appendix 7

Calculation of estimated gross income of international cruise-ship companies

Assumptions and procedure:[1]

(1) Extrapolating from 1975 estimates, 77,500 cruise-ship passengers were assumed to have visited Fiji in 1977.

(2) An average 14-day cruise, four stops including Suva and/or Lautoka, and cost per person based on a four-berth 'inside' cabin.

(3) Distribution of tourist clientele assumed on the following basis:

40 per cent or 31,000 on Sitmar Line cruises @ average $785 per head

40 per cent or 31,000 on P & O Lines cruise @ average $833 per head

20 per cent or 15,500 on CTC Lines cruise @ average $530 per head

= $58,373,000

[1]Estimates and assumptions based on consultations with Australian (Canberra based) travel agents.

(4) Calculating from actual cruise-ship schedules in 1977:

Sitmar had 18 cruises with Fiji stops = 43.2 per cent of ports of call

CTC had 12 cruises with Fiji stops = 29.5 per cent of ports of call

P & O had 20 cruises with Fiji stops = 30.5 per cent of ports of call

Chandris had 8 cruises with Fiji stops = 16.6 per cent of ports of call

On average, then, Fiji was responsible for 32.0 per cent of cruise-ship stop-overs. The assumption is made, therefore, that Fiji generated 32 per cent of cruise-ship income on those schedules.

Thus, estimated cruise-ship company income was:

$58,373,000 less 68 per cent
= $18,679,360

References

Aidney, D., 1977. Address by the Chairman, Board of Directors, Air Pacific, 16th Fiji Tourism Convention, Fiji Visitors' Bureau, Suva (mimeo.).

———, 1980. 'Air Pacific — the years ahead', *Talanoa*, 2:4-5.

Ali, A., 1978. 'Ethnicity and politics in Fiji', *Australian and New Zealand Journal of Sociology*, 14(2):149-53.

Ali, S., 1974. Private Overseas Investment in Fiji, Fiji Central Monetary Authority, Suva (mimeo.).

Altman, J.C., 1976. Export Instability and Economic Growth: with Specific Reference to Papua and New Guinea, Fiji and Western Samoa, MA thesis, University of Auckland.

Annear, P., 1973. 'Foreign private investment in Fiji' in A. Rokotuivuna *et al.* (see below):34-49.

Baines, G.B.K., 1977. 'The environmental demands of tourism in coastal Fiji' in J.H. Winslow (ed.) (see below):448-57.

Bairoch, P., 1975. *The Economic Development of the Third World Since 1900*, London, Methuen.

Barker, S., 1977. 'Fiji — a classic impasse', *Traveltrade Magazine*, June:35.

Beckford, G.L., 1972. *Persistent Poverty: Underdevelopment in Plantation Economies of the Third World*, London, Oxford University Press.

Beddoes, E.J., 1976. Keynote Address, 15th Tourism Convention, Fiji Visitors' Bureau, Suva (mimeo.).

Bedford, R.D., 1976. *Kabara in the 1970s: Dimensions of Dependence in a Contemporary Lauan Society*, UNESCO/UNFPA Project on Population and Environment in the Eastern Islands of Fiji, Project Working Paper No.3, Development Studies Centre, Australian National University, Canberra.

Belshaw, C.S., 1964. *Under the Ivi Trees: Society and Economic Growth in Rural Fiji*, London, Routledge and Kegan Paul.

Bolabola, C., 1978. 'Changes in Fijian leadership', *Australian and New Zealand Journal of Sociology*, 14(2):154-9.

Britton, R., 1979. 'The image of the Third World in tourism marketing, *Annals of Tourism Research*, 6(3):318-29.

Britton, S.G., 1980a. 'The evolution of a colonial space-economy: the case of Fiji', *Journal of Historical Geography*, 6(3): 251-74.

———, 1980b. 'The spatial organisation of tourism in a neo-colonial economy: a Fiji case study', *Pacific Viewpoint*, 21(2):144-65.

———, 1980c. 'Tourism and economic vulnerability in small Pacific island states' in R. Shand (ed.) *The Island States of the Pacific and Indian Oceans*, Canberra, Development Studies Centre Monograph No.23, Australian National University, pp.239-63.

———, 1982. 'The political economy of tourism in the third world', *Annals of Tourism Research* 9(3):331-58.

Bromley, R. and Gerry, C. (eds), 1979. *Casual Work and Poverty in Third World Cities*, Chichester, John Wiley.

Brookfield, H.C., 1972. *Colonialism, Development and Independence: the case of the Melanesian Islands in the South Pacific*, London, Cambridge University Press.

———, 1977. Effects of transport arrangements on the human geography of outer islands, University of Melbourne (unpublished mimeo.).

——— *et al.*, 1977. *Population, Resources and Development in the Eastern Islands of Fiji: Information for Decision Making*, UNESCO/UNFPA Project on Population and Environment in the Eastern Islands of Fiji, General Report No.1, Development Studies Centre, Australian National University, Canberra.

Bryden, J.M., 1973. *Tourism and Development: a Case Study of the Commonwealth Caribbean*, London, Cambridge University Press.

Burkhart, A.J. and Medlik, S., 1974. *Tourism: Past, Present and Future*, London, Heinemann.

Burns, A., Watson, T.Y. and Peacock, A.T., 1960. *Report on the Commission of Enquiry into the Natural Resources and Population Trends in the Colony of Fiji, 1959*, Legislative Council of Fiji, Paper No.1, Suva.

Cakabau, G., 1976. Opening Address, 15th Fiji Tourism Convention, Fiji Visitors' Bureau, Suva (unpublished mimeo.).

Cheechi and Co. Ltd, 1961. *The Future of Tourism in the Pacific and the Far East*, US Department of Commerce, Washington DC.

Clark, R., 1977. 'Air travel in the Pacific: a North American traveller's view' in B.H. Farrell (ed) (see below):36-8.

Cohen, E., 1972. 'Towards a sociology of international tourism', *Social Research*, 39(1):164-82.

Couper, A.D., 1967. The Island Trade, PhD. thesis, Australian National University.

Cumpston, I.M., 1956. 'Sir Arthur Gordon and the introduction of Indians into the Pacific: the West Indian system in Fiji', *Pacific Historical Review*, 25(4):369-88.

Davidson, J.W. and Scarr, D. (eds), 1970. *Pacific Island Portraits*, Canberra, Australian National University Press.

Dommen, E.C., 1973. 'The economic impact of tourist spending on the economy of Fiji' in J. Harré (ed.) (see below):13-36.

Doyle, P.J., 1977. Opening Address, 16th Fiji Tourism Convention, Fiji Visitors' Bureau, Suva, (unpublished mimeo.).

Economic Intelligence Unit, 1976. 'New Zealand and Fiji', *Quarterly Economic Review*, 3.

Economic and Social Commission for Asia and the Pacific (ESCAP), 1978. 'The formulation of basic concepts and guidelines for preparation of tourism sub-regional master plans in the ESCAP region', *Transport and Communications Bulletin*, 52:33-40.

Ernst, I., Smith, L. and Warner, R., 1974. *Submission to the Fiji Tourism Commission*, Fiji Tourism Planning Committee, 1-3, Suva.

Farrell, B.H. (ed.), 1977. *Social and Economic Consequences of Tourism in the South Pacific*, Santa Cruz, Centre for South Pacific Studies.

FIJI

Bureau of Statistics, 1971. *A Survey of Private Sector Capital Expenditure in Fiji in 1969*, Suva, Government of Fiji.

———, 1972. *Census of Distribution and Services, 1970*, Suva, Government of Fiji.

———, 1973a. *Survey of the Transport Industry in Fiji, 1970 and 1971*, Suva, Government of Fiji.

———, 1973b. *A Statistical Report on Tourism in Fiji, 1963-1971*, Suva, Government of Fiji.

———, 1973c. *Survey of Private Foreign Investment in Fiji, 1969-1970*, Suva, Government of Fiji.

———, 1974a. *An Input-Output Table for Fiji, 1972*, Suva, Government of Fiji.

———, 1974b. *Survey of the Transport Industry and Travel Agents in Fiji, 1972*, Suva, Government of Fiji.

———, 1975. *A Statistical Report on Tourism in Fiji, 1974*, Suva, Government of Fiji.

———, 1976a. *Survey of the Transport Industry, 1973*, Suva, Government of Fiji.

———, 1976b. *A Statistical Report on Tourism in Fiji, 1975*, Suva, Government of Fiji.

———, 1976c. *Report on Employment Survey, 1975*, Suva, Government of Fiji.

———, 1976d. *Social Indicators for Fiji*, Suva, Government of Fiji,.

———, 1976e. *Current Economic Statistics, July 1976*, Suva, Government of Fiji.

———, 1976f. *Aircraft Statistics, 1975*. Suva, Government of Fiji.

———, 1977a. *Quarterly Survey of Employment, September 1976*, Suva, Government of Fiji.

———, 1977b. *Report on Employment Survey, 1976*, Suva, Government of Fiji.

———, 1979. *Social Indicators for Fiji, No.4*, Suva, Government of Fiji.

———, 1980. *Current Economic Statistics*, Suva, Government of Fiji.

Central Planning Office, 1970. *Fiji's Sixth Development Plan, 1971-1975*, Suva, Ministry of Finance.

———, 1975. *Fiji's Seventh Development Plan, 1976-1980*, Suva, Ministry of Finance.

———, 1976. Information Paper — Sectoral Multipliers, Suva, unpublished mimeo.

———, 1980. *Eighth Development Plan 1981-1985*, Vol. 1, Suva, Ministry of Finance.

Department of Civil Aviation, 1976. Annual International Flights Data, unpublished minutes.

Government of the Colony of Fiji, 1925. *The Colony of Fiji, 1874-1924*, Suva, Government Printer.

———, 1941. *The Colony of Fiji*, Suva, Government Printer.

Ministry of Commerce, Industry and Co-operatives, 1973. *Investment in Fiji: a Guide to Investors*, Suva, Government of Fiji.

Parliament of Fiji, 1964. *Hotels Aid Ordinance*, Suva, Government of Fiji.

———, 1975a. *The Trade Report for the Year 1974*, Parliamentary Paper No.37, Suva.

———, 1975b. *Public Works Department, Report for Year 1973*, Parliamentary Paper No.12, Suva.

———, 1975c. *Fiji Capital Budget Estimates, 1975*, Suva, Ministry of Finance.

———, 1976a. *The Trade Report for the Year 1975*, Parliamentary Paper No.31, Suva.

———, 1976b. *Fiji National Provident Fund, Report for the Financial Year 1975*, Parliamentary No.32, Suva.

———, 1976c. *Fiji Capital Budget Estimates, 1976*, Suva, Ministry of Finance.

Fiji Development Bank, 1973-76. *Annual Reports*, Suva.

Fiji Visitors' Bureau, 1976-80. *Accommodation Directory*, Suva.

———, 1977a. 'Tourism talkabout', *Fiji Sun*, 26 (February):7.

———, 1977b. *Talanoa*, March ed., Suva.

Finney, B.R. and Watson, K.A. (eds), 1975. *A New Kind of Sugar: Tourism in the Pacific*, Honolulu, East-West Center.

Fisk, E.K., 1970. *The Political Economy of Independent Fiji*, Canberra, Australian National University Press.

Fong, A., 1973. 'Tourism: a case study' in A. Rokotuivuna *et al.* (see below):26-38.

France, P., 1969. *The Charter of the Land: Custom and Colonisation in Fiji*, Melbourne, Oxford University Press.

Frank, A.G., 1967. *Capitalism and Underdevelopment in Latin America*, Harmondsworth, Penguin.

Ganilau, P., 1974. 'Tourism — servant not master', *News from Fiji*, 28(13):67-71.

———, 1976. An interview. Supplement on 'Fidji' in the Fiji Islands, *Vogue Magazine*, December.

Gillion, K.L., 1962. *Fiji's Indian Migrants: a History of the End of Indenture in 1920*, Melbourne, Oxford University Press.

———, 1977. *The Fiji Indians: Challenge to European Dominance, 1920-1946*, Canberra, Australian National University Press.

Hamilton, T.H., 1977. 'Tourism in Fiji, South America and the South Pacific: some observations', 16th Fiji Tourism Convention, Fiji Visitors' Bureau, Suva (mimeo.).

Harré, J. (ed.), 1973. *Tourism in Fiji*, Ray Parkinson Memorial Lectures, Suva, University of the South Pacific.

Hiller, H.L., 1977. 'Industrialism, tourism, island nations, and changing values', in B.H. Farrell (ed.) (see above):115-21.

Hines, G.H., 1975. *Motivational Aspects of Tourism in Fiji*, Suva, Fiji Visitors' Bureau.

Howie, I., 1973. 'The effects of foreign investment' in A. Rokotuivuna *et al.* (see below):59-70.

International Union of Official Travel Organisations (IUOTO), 1976. *The Impact of International Tourism on Economic Development of the Developing Countries*, Geneva, World Tourism Organisation.

Keith-Reid, R., 1976. 'Air Pacific's first 25 years weren't all smooth flying', *Pacific Islands Monthly* 47(9):65-7.

———, 1977. 'The talking's over — Japan is on the move in Fiji', *Pacific Islands Monthly*, 48(11):65-6.

Knapman, B., 1976. 'Indigenous involvement in the cash economy of Lau, Fiji, 1940-1946', *Journal of Pacific History*, 11:167-88.

Le Fevre, T., 1975. 'Making do with the leftovers from Pacific tourism' in S. Tupouniua *et al.* (eds) (see below):215-21.

Legge, J.D., 1958. *Britain in Fiji, 1858-1880*, London, Macmillan.

MacDonald, B., 1975. 'Imperial remnants: decolonisation and change in the British Pacific islands', *Round Table*, 65:281-93.

McGee, T.G., 1978. 'An invitation to the "Ball": dress formal or informal?' in P.J. Rimmer *et al.* (eds) (see below):3-27.

McGregor, H.M., 1978. The Lomé Convention and the ACP Sugar Exporters: the Political Economy of Conflicting Policies, PhD. thesis, Cornell University.

McIntyre, A.S., 1980a. '1979 — setting a record in Fiji visitors', *Talanoa*, 2:14-15.

———, 1980b. 'Where have all the Kiwis gone?', *Talanoa*, 4:7-9.

———, 1980c. Keynote Address, 19th Fiji Tourism Convention, Suva, Fiji Visitors' Bureau (mimeo.).

McIntyre, W.D., 1960. 'Anglo-American rivalry in the Pacific: the British annexation of the Fiji Islands in 1874', *Pacific Historical Review*, 29(4):361-80.

Macnaught, T.J., 1974. 'Chiefly civil servant? Ambiguity in district administration and the preservation of the Fijian way of life, 1896-1940', *Journal of Pacific History*, 9:3-20.

Mara, K., 1979. The Tourist Industry — the Last Colonisation, 18th Fiji Tourism Convention, Suva, Fiji Visitors' Bureau (unpublished mimeo.).

Mavoa, J., 1977. Keynote Address, 16th Fiji Tourism Convention, Suva, Fiji Visitors' Bureau (mimeo.).

Medford, D., 1977. *Substitution for Raw Sugar in World Markets*, Suva, Centre for Applied Studies in Development, University of the South Pacific.

Medlik, S. and Middleton, V., 1973. 'The tourist product and its marketing implications', *International Tourism Quarterly*, 3: 28-35.

Middleton, V., 1979. 'Tourism marketing and product implications', *International Tourism Quarterly*, 3:36-46.

Morris, J., 1980. Aircraft for the 80's and 90's, 19th Fiji Tourism Convention, Suva, Fiji Visitors' Bureau, (mimeo).

Moynagh, M., 1980. *Brown or White? A History of the Fiji Sugar Industry, 1873-1973*, Canberra, Pacific Research Monograph No.5, Australian National University.

Munro, D., 1973. Fijian Sandalwood and Bêche-de-mer, MA thesis, Australian National University.

Naibavu, T. and Schutz, B., 1974. 'Prostitution: problem or profitable industry?', *Pacific Perspective*, 3(1):59-68.

Native Land Trust Board (NLTB), 1973. Minimum terms and conditions for tourist leases, Suva (mimeo.).

———, 1975. *Vanua: Native Land Trust Board Review, 1969-1974*, Suva.

———, 1976. A Renewal of Terms and Conditions for Tourist Leases on Native Land, 15th Fiji Tourism Convention, NLTB, Suva (mimeo.).

Nayacakalau, R.R., 1970. Investment for Tourism in Fijian Land, 10th Fiji Tourism Convention, NLTB, Suva (mimeo.).

———, 1975. *Leadership in Fiji*, Melbourne, Oxford University Press.

Norton, R., 1977. *Race and Politics in Fiji*, Brisbane, University of Queensland Press.

O'Loughlin, C., 1956. *The Patterns of the Fiji Economy: the Nation's Income, 1950-1953*, Colony of Fiji, Council Paper No.44, Suva.

Pacific Hotels Development Ltd, 1975. 'Pacific Harbour — the investment', *Pacific Harbour Magazine*, 4:4-6.

Parnaby, O.W., 1972. 'The labour trade' in R.G. Ward (ed.) (see below): 124-44.

Qionibaravi, M., 1973. 'The social impact of tourism' in J. Harré (ed.) (see above):37-44.

Quijano, A.O., 1974. 'The marginal pole of the economy and the marginalised labour force', *Economy and Society*, 3(4):393-428.

Rajotte, F., 1978. *The Impact of Tourism on the Culture of Fiji*, Institute of Papua New Guinea Studies, Discussion Paper No.33, Port Moresby.

Rigamoto, M., 1973. 'Tourism and agricultural problems in Beqa and Rewa' in J. Harré (ed.) (see above):49-51.

Rimmer, P.J., Drakakis-Smith, D.W. and McGee, T.G. (eds), 1978. *Food, Shelter and Transport in Southeast Asia and the Pacific*, Department of Human Geography Publication HG/12, Australian National University, Canberra.

Robineau, C., 1975. 'The Tahitian economy and tourism' in B.R. Finney and K.A. Watson (eds) (see above):61-78.

Rokotuivuna, A. *et al.*, 1973. *Fiji – a Developing Australian Colony*, Melbourne, International Development Action.

Rowe, J.F., 1977. 'Air travel in the Pacific: a flat carrier's view' in B.H. Farrell (ed.) (see above):39-40.

Roxborough, I., 1979. *Theories of Underdevelopment*, London, Macmillan.

Saggar, R.K., 1976. *Composition and Travel Characteristics of Airborne Passengers on Domestic Services*, Suva, Central Planning Office.

Salter, M., 1970. 'The Economy of the South Pacific', *Pacific Viewpoint*, 11(1):1-26.

Samy, J., 1975. 'Crumbs from the Table?: the workers' share in tourism', in S. Tupouniua *et al.* (eds.) (see below):205-14.

Santos, M., 1979. *The Shared Space*, London, Methuen.

Scarr, D., 1970a. 'Cakobau and Ma'afu: contenders for pre-eminence in Fiji' in J.W. Davidson and D. Scarr (eds) (see above):95-126.

———, 1970b. 'Recruits and recruiters: a portrait of the labour trade' in J.W. Davidson and D. Scarr (eds) (see above):225-52.

Schiavo-Campo, S., 1978. International Travel and Economic Development, Services Sector Symposium, San Juan, Puerto Rico, University of the South Pacific, Suva (mimeo.).

Schmoll, G.A., 1977. *Tourism Promotion*, London, Tourism International Press.

Scott, R.J., 1970. The Development of Tourism in Fiji Since 1923, Suva, Fiji Visitors' Bureau, (mimeo.).

Shineberg, D., 1967. *They Came for Sandalwood: a Study of the Sandalwood Trade in the South-West Pacific, 1830-1865*, Melbourne, Melbourne University Press.

Slater, D., 1977. 'Geography and underdevelopment — Part II', *Antipode*, 9(3):1-31.

Slatter, S., 1973. 'The tourist industry in Fiji' in A. Rokotuivuna *et al.* (see above):18-25.

Soja, E.W., 1980. 'The socio-spatial dialectic', *Annals, Association of American Geographers*, 70(2):207-25.

South Pacific Air Transport Council, 1971-77. Statements of Traffic To and Through Nadi Airport', unpublished documents, Nadi.

Spate, O.H.K., 1959. *The Fijian People: Economic Problems and Prospects*, Legislative Council of Fiji, Paper No.13, Suva.

Stackhouse, J., 1977. 'Once again, Continental Airlines challenges the Pacific fortress', *Pacific Islands Monthly*, 48(7):65-7.

Stanner, W.E.H., 1953. *The South Seas in Transition: a Study of Post-War Rehabilitation and Reconstruction in Three British Pacific Dependencies*, Sydney, Australasian Publishing Co.

Thompson, P., 1973. 'Some real and unreal social effects of tourism in Fiji' in J. Harré (ed.) (see above):45-8.

Tupouniua, S., Crocombe, R.G. and Slatter, C. (eds), 1975. *The Pacific Way: Social Issues in National Development*, Suva, South Pacific Social Sciences Association.

Turner, L., 1976. 'The international division of leisure: tourism in the Third World', *World Development*, 4(3):253-60.

United Nations Conference on Trade and Development (UNCTAD), 1973. *Elements of Tourism Policy in Developing Countries*, New York, United Nations.

United Nations, International Bank for Reconstruction and Development, and Government of Fiji (UN/IBRD), 1973. *Tourism Development Programme for Fiji*, Honolulu, Belt Collins and Associates Ltd.

Vakatora, T.R., 1980. Keynote Address, 19th Fiji Tourism Convention, Fiji Visitors Bureau (mimeo.), Suva.

Varley, R.M., 1977. *The Impact of Tourism on the Fiji Economy*, Research Scheme R3079, Overseas Development Ministry, London.

———, 1978. *Tourism in Fiji: Some Economic and Social Problems*, Cardiff, University of Wales Press.

Waga, L. *et al.*, 1976. Report of the Committee of the Fijian Affairs Board Appointed to Look into the Fijian Culture, Fijian Affairs Board, Suva (mimeo.).

Ward, J.M., 1948. *British Policy in the South Pacific, 1786-1893*, Sydney, Australian Publishing Co.

Ward, M., 1971. *The Role of Investment in the Development of Fiji*, London, Cambridge University Press.

Ward, R.G., 1965. *Land Use and Population in Fiji*. London, HMSO.

———, 1969. 'Land use and land alienation in Fiji to 1885', *Journal of Pacific History*, 4:3-25.

———, (ed.), 1972. *Man in the Pacific Islands: Essays on Geographical Change in the Pacific Islands*, London, Oxford University Press.

West, F.J., 1967. 'Sir Lala Sukuna and the establishment of the Fijian administration', *Pacific Historical Review*, 36(1):95-108.

Winslow, J.H. (ed.), 1977. *The Melanesian Environment*, Ninth Waigani Seminar, University of Papua New Guinea and Australian National University, Canberra.

Young, J., 1970. 'Evanescent ascendency: the planter community in Fiji' in J.W. Davidson and D. Scarr (eds) (see above):147-76.

Development Studies Centre Publications

Monographs

No 1 *Labour and the Law in Papua New Guinea*, D.W. Smith, 1975. 129 + vii pp. A$4.00.

No 2 *The Role of the Papua New Guinea Defence Force*, Paul Mench, 1976. 231 + xii pp. A$6.00.

No 3 *Education, Employment and Migration in Papua New Guinea*, J.D. Conroy, 1976. 248 + xii pp. A$6.00.

No 5 *Professional Structure in South East Asia*, T.H. Silcock, ed., 1977. 306 + xi pp. A$6.00.

No 6 *Education and Nation-building in Plural Societies: the West Malaysia experience*, Chai Hon-Chan, 1977. 116 + ix pp. A$6.00.

No 7 *Bougainville in Transition*, T.K. Moulik, 1977. 200 + xii pp. A$6.00.

No 8 *Man and Environment in Eastern Timor*, Joachim Metzner, 1977. 380 + xxi pp. A$6.00.

No 9 *Micro-macro Links in Planning*, P.B. Krishnaswamy, 1977. 116 + ix pp. A$6.00.

No 10 *Appetite for Education in Contemporary Asia*, K. Orr, ed., 1977. 165 + ix pp. A$6.00.

No 11 *The Adaptation of Traditonal Systems of Agriculture*, E.K Fisk, 1978, ed., 1978. 400 + x pp. A$9.00.

No 12 *Taim Bilong Mani: the evolution of agriculture in a Solomon Island society*, John Connell, 1978. 271 + xii pp. A$9.00.

No 13 *Practice Without Policy: genesis of local government in Papua New Guinea*, D.M. Fenbury, 1978. 315 + xvi pp. A$9.00.

No 14 *Customs of Respect: the traditional basis of Fijian communal politics*, John Nation, 1978. 165 + xx pp. A$8.00.

No 15 *Agricultural Project Design and Evaluation in an Island Community*, Alan Bollard, 1979. 228 + xiii pp. A$9.00.

No 16 *International Aid: some political, administrative and technical realities*, R.T.Shand and H.V. Richter, eds, 1979. 276 + xiv pp. A$9.00.

No 17 *Forestry and National Development: production systems, conservation, foreign trade and aid*, K.R. Shepherd and H.V. Richter, eds, 1979. 245 + pp. A$9.00.

No 18 *Indonesia and Australia: the politics of aid and development since 1966*, Philip J. Eldridge, 1979. 224 + viii pp. A$8.00.

No 19 *Corned Beef and Tapioca: a report on the food distribution system in Tonga*, Epeli Hau'ofa, 1979. 169 + xii pp. A$8.00.

No 20 *Prestige and Profit: the development of entrepreneurial abilities in Taiwan, 1880-1972*, Manfred Steinhoff, 1980. 150 + xvi pp. A$8.00.

No 21 *The Political Economy of Political Development: a case study of regional development in the Philippines before martial law*, Mohd A. Nawawi, 1980. 79 + xv pp. A$6.00.

No 22 *Food in Fiji: aspects of the produce and processed foods distribution systems*, M.W.P. Baxter, 1980. 276 + xx pp. A$9.00.

No 23 *The Island States of the Pacific and Indian Oceans: anatomy of development*, R.T. Shand, ed., 1980. 512 + xxii pp. A$9.00.

No 24 *Rural-born Fijians and Indo Fijians in Suva: a study of movements and linkages*, Shashikant Nair, 1980. 94 + x pp. A$8.00.

No 25 *Food Distribution in the New Hebrides*, T.G. McGee, R.G. Ward, D.W. Drakakis-Smith with a contribution by J. Bonnemaison, 1980. 260 + xiv pp. A$9.00.

No 26 *Black Out in Alice: a history of the establishment and development of town camps in Alice Springs*, M. Heppell and J.J. Wigley, 1981. 216 + xviii pp. A$8.00.

No 27 *Population Mobility and Development: Southeast Asia and the Pacific*, G.W. Jones and H.V. Richter, eds, 1981. 474 + xi pp. A$9.00.

No 28 *Agriculture and Population Pressure in Sikka, Isle of Flores: a contribution to the study of the stability of agricultural systems in the wet and dry tropics*, Joachim K. Metzner, 1982. 345 + xxxii pp. A$15.00.

No 29 *Demographic Impact on Socio-economic Development: the Malaysian experience*, Cheong Kee Cheok and Lim Lin Lean, 1982. 124 + xii pp. A$10.00.

No 30 *Population Resettlement Programs in Southeast Asia*, G.W. Jones and H.V. Richter, eds, 1982. 190 + x pp. A$12.00.

No 31 *Tourism and Underdevelopment in Fiji*, Stephen G. Britton, 1983. 226 + xiv pp. A$12.00.

The Aboriginal Component in the Australian Economy

No 1 *Tribal Communities in Rural Areas*, Elspeth Young, 1981. 279 + xxii pp. A$12.00.

No 2 *Town Populations*, E.A. Young and E.K. Fisk, eds, 1982. 170 + xv pp. A$12.00.

No 3 *Small Rural Communities*, E.A. Young and E.K. Fisk, eds, 1982. 168 + xx pp. A$12.00.

No 4 *Adelaide Aborigines: a case study of urban life 1966-1981*, Fay Gale and Joy Wundersitz, 1982. 192 + xiv pp. A$12.00.

Atoll Economy: Social Change in Kiribati and Tuvalu

No 1 *Islands on the Line: Team Report*, W.H. Geddes *et al.*, 1982. 222 + xx pp. A$12.00.

No 2 *Tabiteuea North*, W.H. Geddes, 1983. 252 + xiv pp. A$12.00.

No 3 *Butaritari*, Betsy Sewell, 1983. 274 + xx pp. A$12.00.

Pacific Research Monographs

No 1 *Technical Training and Development in Papua 1894-1941*, Tony Austin, 1978. 204 + xiv pp. A$8.00.

No 2 *Villagers at War: some Papua New Guinean experiences in World War II*, Neville K. Robinson, 1979. 224 + xix pp. A$8.00.

No 3 *A Thousand Graduates: conflict in university development in Papua New Guinea, 1961-1976*, Ian Howie Willis, 1980. 362 + xiv pp. A$8.00.

No 4 *Viceroy of the Pacific: a life of Sir John Bates Thurston*, Part II of *The Majesty of Colour*, Deryck Scarr, 1980. 336 + x pp. A$9.00.

No 5 *Brown or White? A history of the Fiji sugar industry, 1873-1973*, Michael Moynagh, 1981. 311 + x pp. A$9.00.

No 6 *Education in Fiji: policy, problems and progress in primary and secondary education 1939-1973*, C. Whitehead, 1981. 228 + xx pp. A$9.00.

No 7 *The Fijian Colonial Experience: a study of the neotraditional order under British Colonial rule prior to World War II*, Timothy J. Macnaught, 1982. 204 + xviii pp. A$10.00.

No 8 *The Hiri in History: further aspects of long distance Motu trade in Central Papua*, Tom Dutton, ed., 1982. 158 + xvi pp. A$12.00.

MADE Research Series

No 1 *The Dynamic Replacement Problem in the Rubber Industry of Sri Lanka*, S.K.W. Jayasuriya, 1976. 112 + xi pp. A$5.00.

No 2 *Rational Farm Plans for Land Resettlement in Indonesia*, M.A. Wardhani, 1976. 136 + xiv pp. A$5.00.

No 3 *The Evaluation of Agricultural Loans: a case study of Development Bank financed cattle projects in the Markham Valley of Papua New Guinea*, Desmond P. Brunton, 1980. 157 + xii pp. A$5.00.

No 4 *The Intercropping of Smallholder Coconuts in Western Samoa: an analysis using multi-linear programming*, R.J. Burgess, 1981. 259 + xii pp. A$5.00.

No 5 *The Australian Rice Industry in Relation to the International Rice Trade and its Implications for Southeast Asian Rice Exporting Countries*, Khin San May, 1981. 144 + xii pp. A$5.00.

No 6 *The Rehabilitation of the Economy of Uganda: internal and external balance*, Fulgence K. Byamugisha, 1982. 149 + xvi pp. A$5.00.

Thesis Abstracts

No 1 *Studies in the Economics of Agricultural Development*, D.M. Etherington and B. Carrad, eds, 1976. 46 + viii pp. A$3.00.

No 2 *Studies in the Economics of Agricultural Development*, D.M. Etherington and B.C.F. Boucher, eds, 1979. 56 + x pp. A$3.00.

No 3 *Studies in the Economics of Agricultural Development*, D.M. Etherington and B.C.F. Boucher, eds, 1982. 52 + x pp. A$3.00.

MA in Demography Research Series

No 1 *An Exploratory Demographic Study of the Nupe of Niger State: the case of Sakpe Village*, Abubakar Katcha, 1978. 116 + xii pp. A$5.00.

No 2 *The Value of Children Among Tea Estate Workers' Families: a case study in a village of West Java, Indonesia*, Asep Djadja Saefullah, 1979. 128 + xiv pp. A$5.00.

Teaching Notes Series

No 1 *Basic Mathematics for Demographers*, S.K. Jain, 1979. 128 + viii pp. A$5.00.

No 2 *Beginning Population Studies*, David Lucas, ed., 1980. 236 + viii pp. A$5.00.

No 3 *Women, Demography and Development*, Helen Ware, 1981. 242 + viii pp. A$5.00.

No 4 *Demographic Evaluation of Family Planning Programs*, John Laing, 1982. 158 + viii pp. A$5.00.

If using cheque or money order etc. please add postage and packing as shown for publications listed above.

Rates within Australia: Single copy order $3.00; up to 5 books $4.00; over 5 books $5.00.

Overseas rates (surface mail): each book A$1.20.

Occasional Papers

No 3 *Burma's Rice Surpluses: accounting for the decline*, H.V. Richter, 1976. 52 pp. A$2.00.

No 4 *The Fading of Earthbound Compulsion in a Hongkong Village: population mobility and its economic implications*, Rance Pui-leung Lee, 1976. 16 pp. A$2.00.

No 7 *The Limits of Economics for the Study of Development*, R.M. Sundrum, 1977. 16 pp. A$2.00.

No 8 *Public Housing in the City States of Hong Kong and Singapore*, David Drakakis-Smith and Yeu-man Yeung, 1977. 18 pp. A$2.00.

No 9 *The Island of Niue: development or dependence for a very small nation*, E.K. Fisk, 1978. 12 pp. A$2.00.

No 10 *The Regional Economy of Bougainville: growth and structural change*, M.L. Treadgold, 1978. 82 pp. A$2.00.

No 11 *The Structure of Rural Supply to the Honiara Market in the Solomon Islands*, M.A. Bathgate, 1978. 66 pp. A$2.00.

No 12 *Primary Industries in Papua New Guinea*, Julius Chan, 1978. 11 pp. A$2.00.

No 13 *Industrialization in Indonesia: development and prospects*, Peter McCawley, 1979. 88 pp. A$2.00.

No 14 *Technical Assistance: towards improving the underlying framework*, Rodney C. Hills, 1979. 30 pp. A$2.00.

No 15 *Social and Economic Aspects of Tidal Swamp Land Development in Indonesia*, William L. Collier, 1979. 70 pp. A$2.00.

No 16 *Surveys of Free Resources: is there a role in planning and project implementation?* Rodney C. Hills, 1980. 30 pp. A$2.00.

No 17 *Replacing Imported Food Supplies to Port Moresby, Papua New Guinea*, Geoff T. Harris, 1980. 22 pp. A$2.00.

No 18 *Elitist Involvement in Agriculture in West Africa*, Rowena Lawson, 1980. 66 pp. A$2.00.

No 19 *International Civil Aviation in the South Pacific: a perspective*, C.C. Kissling, 1980. 62 pp. A$2.00.

No 20 *Economic Activities of Women in Rural Java: are the data adequate?* Hazel Moir, 1980. 44 pp. A$2.00.

No 21 *Selected Aspects of Guyanese Fertility: education, mating and race*, Jotis Singh, 1980. 74 pp. A$2.00.

No 22 *Remittances and Rural Development: migration, dependency and inequality in the South Pacific*, John Connell, 1980. 62 pp. A$2.00.

No 23 *Tourism, Dependency and Development: a mode of analysis*, Stephen C. Britton, 1981. 22 pp. A$2.00.

No 24 *Energetics and Subsistence Affluence in Traditional Agriculture*, Satish Chandra, 1981. 34 pp. A$2.00.

No 25 *Food Production and Crisis in the West African Savannah*, John C. Caldwell, 1981. 23 pp. A$2.00.

No 26 *Multi-period Budgeting and the Economic Assessment of Perennial Crop Intercropping Systems*, Dan M. Etherington, 1981. 42 pp. A$2.00.

No 27 *Positive Methods of Agricultural Decision Analysis*, James A. Roumasset, 1981. A$2.00.

No 28 *Power Structure in Rural Bangladesh: some reflections from a village in Comilla*, Barkat-e-Khuda, Nurul Islam Khan and Sunil Kumar Saha, 1981. 49 pp. A$2.00.

No 29 *Digraphs and the Management of Complex Development Projects*, Rodney C. Hills, and *Systems Theory: uncertainty in the design and management of complex development projects*, Tom Beer and Rodney C. Hills, 1982. 29 pp. A$2.00.

No 30 *A Review of the Integration of Population and Development Policies and Programs in Asia*, Gavin W. Jones, 1982. 53 pp. A$2.00.

No 31 *Towards the Monetary Valuation of Absolute Poverty*, Dodo J. Thampapillai, 1982. 16 pp. A$2.00.

No 32 *Economic Evalution of Mineral Processing Projects: a case study of copper smelting in the Philippines*, Craig Emerson and Peter G. Warr, 1982. 30 pp. A$3.00.

Postage and packing rates for Occasional Papers:

Within Australia: 1 book 70¢, 2 books $1.20
Overseas rates (surface mail): each book 75¢

The prices for all publications listed above are the recommended retail prices.

The Monographs, Aboriginal Monographs, Atoll Economy Monographs, Pacific Research Monographs and Occasional Papers are obtainable from ANU Press, GPO Box 4, Canberra City, ACT, 2601, Australia and the balance of the publications from the Development Studies Centre at the same address.