

Fiji futuring: connectivity and development

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Sustainable economic growth requires both vertical and horizontal linkages. In Fiji these linkages have often been missing, with the result that the impact of even significant economic sectors has been more palliative than energising. Combined with political instability, this weakness has created new realities that Fiji finds difficult to confront. With no possibility of deriving strong sustainable growth from its immediate region or from meagre inflows of foreign direct investment, Fiji must—at least in the short term—look instead to inter-sectoral connectivity to drive creativity and growth. This means ending the culture of 1987, drawing strength from its diaspora, and targeting labour mobility to promote sectors with the greatest potential for growth. Above all, it means riding on the strength of its most successful economic sector, tourism, in order to diversify and deepen economic activity. This paper proposes two activities that can assist to drive both urban and rural growth: embedded tourism and horticulture.

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Development is always about a convergence of factors: the deepening and diversification of economic activity, the construction of social and economic infrastructure, growth in human capital, and connectivity, both internal and external. All are equally essential elements but it is connectivity above all that promotes sustainability, although only under certain circumstances; economies or markets being connected with must be of a size and vibrancy capable of driving growth and forging domestic consensus. In the case of Fiji such convergence has often been lacking, with the result that for much of its postcolonial era economic growth has been unsustainable. This review outlines the

causes of that failure and addresses Fiji's connectivity dilemmas.

Connectivity has always been at the centre of difficulties confronting Fiji. Unlike many eastern Asian countries,¹ Fiji has no economically expanding region from which to draw strength, nor has it benefited from sustained high levels of aid and investment flows and significant preferential market access for growth-inducing products. Indeed, Fiji's relative isolation from world markets and low levels of aid and foreign direct investment (FDI) have constrained its development. Nonetheless, not all constraints are externally imposed. Neither colonial nor postcolonial outcomes in Fiji involved the

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transformation of traditional leadership as they did across most of eastern Asia; if anything colonialism and postcolonialism reconstituted traditional leadership in ways that made more difficult the reforms needed to strengthen state institutions, drive investment and economic growth, consolidate inter-sectoral linkages, and heal internal divisions. For these reasons Fiji's postcolonial development strategies failed to transform its economy substantially and capitalise on the opportunities connectivity presented, even if they were (and are) more modest than those experienced by eastern Asian societies.

This article begins by first examining two examples of that failure, namely economic and racial connectivity. Both failures have left Fiji ill prepared to respond to the changing demands of international and domestic markets. It explores their impact, most notably on the country's ability to deepen and extend economic activities substantially in ways which raise employment opportunities and productivity. The article concludes by demonstrating how tourism might be used as a platform for a range of activities that have exactly that impact. As a small and relatively isolated country, Fiji is never going to enjoy the synergies which flow from Asia's regional interconnectedness. But size and isolation has worked for tourism, and today this sector represents the most obvious resource that Fiji can tap in order to begin building the necessary inter-sectoral linkages to grow the economy and remove the legacies of its postcolonial development.

Economic connectivity

When colonial authorities constructed the sugar industry at the end of the nineteenth century, they were solely concerned to produce economic activity that would sustain their presence in the country with

minimal social disruption. Sugar was never introduced as a precursor to the integration or commercialisation of rural production; indeed, the presence of indentured Indian cane labourers confirmed its near enclave status, which it retained even as Fiji attained independence in 1970. Despite limited opportunities to strengthen inter-sectoral linkages and despite sugar's continued dependence on preferential access to foreign markets, Fiji's new, predominantly Fijian, leadership failed to capitalise on the sector's temporary market strength (guaranteed prices of up to three times then world prices for at most 70 per cent of its production) to open up the countryside, diversify agricultural production, and transform land use.² To do so might have undermined an important source of its authority, namely control over land and the rental income earned. Consequently, most cane farmers remained relatively poor and Fijian 'landowners' were deprived of the capital required to enter into market production.³

The only substantial economic transformation that occurred after independence was the limited move towards export-oriented industrialisation occasioned by the development of preferential markets for garments in Australasia after 1980 and later in the United States and Europe. This strategy received greater state support after 1987 as the country tried to overcome its coup-induced recession and to replace an earlier emphasis on import substitution which, also without substantial inter-sectoral linkages, had never established itself as a reliable basis for growth. At the time, export-oriented industrialisation was heralded as the means to place Fiji on a new postcolonial trajectory,⁴ and while it eventually succeeded in employing over 18,000, mainly female, workers and earning F\$313 million in 2000,⁵ as a stimulus for economic growth it suffered similar problems to sugar. It possessed few inter-sectoral linkages and its low-paid workforce could never act as a

sustainable base for domestic consumption growth. Nor was the sector developed as a platform from which to effect rising wages through productivity growth. Indeed, both the industry and government seemed content to reap the minimal rewards of preferential access as long as they lasted and made little effort to skill its work force and move production up-market, or develop a fashion industry that could have been sustained through links with tourism and education. Without such linkages and with most inputs imported, the impact of the garment sector on the economy as a whole has been palliative rather than energising.⁶

In defence it could be argued that Fiji's failures were as much a consequence of distance from markets or lack of access to the kind of resources that flooded into eastern Asia as a result of its hot and cold wars over the course of three decades. Nonetheless, these factors did not deter Fiji's tourism industry; in fact after 9/11 relative isolation might well be one factor in its success. Fiji Water has also made a virtue of the country's remoteness from industrial pollutants in its sales pitch (Finewaters 2005). But at least with respect of tourism, as we shall see later, the impact of success⁷ on the country's economy has been tempered by its relatively high leakage rate (lying between 40 and 60 per cent⁸), in large part due again to the country's failure to develop strong inter-sectoral linkages, especially with agriculture.

Ethnic connectivity

The second failure of connectivity concerns Fiji's inability or unwillingness to bridge the ethnic divide. Despite its colonial origins, the maintenance of ethnic divisions and the political instability that it spawns are entirely the responsibility of Fiji's peoples and particularly their political leaders on both sides of the main divide.

The failure of the Alliance Government to deliver on promises of rural development in the 1970s cost it significant Fijian support and encouraged it to compensate by employing the politics of race. The tactic did not succeed in 1987 when economic recession generated sufficient urban Fijian discontent to narrowly defeat the long serving, post independence government. However, within one month the Fijian political establishment was back in power courtesy of a military *coup d'état*, justified on the grounds of Fijian paramountcy. However, this act politicised the military, which turned on its co-conspirators four months later for seeking to restore economic growth by forming a government of national unity with the very party it had deposed. Although an accommodation was eventually reached with the Fijian establishment by the end of 1987, tensions between the military and the resultant Interim Government continued for the next four years. When fresh elections were declared for 1992 (under a new Constitution that guaranteed Fijian political dominance), the military commander seized control of the political process and served as prime minister until 1999.

However, his government was no more successful than the Alliance in delivering on its promise of a Fijian renaissance. If anything, Fijian paramountcy and corruption destroyed any possibility of reviving the economy. Recognising that the writing was on the wall, the former commander introduced a more democratic (although still ethnicised) Constitution in 1997 in order to seek accommodation with the hitherto marginalised Indo-Fijian population and to win greater international support. In the 1999 Election his party was defeated by Indo-Fijians in coalition with dissident Fijian parties. Twelve months later, elements within the defeated Fijian establishment orchestrated sufficient political instability to encourage one still-politicised military unit to seize power. That attempt ultimately failed, but

subsequent military and Fijian establishment manoeuvring secured the removal of the democratically elected government and a return to Fijian establishment rule—although not before a bloody mutiny designed to restore the fortunes of the now discredited rebels and their political allies. If anything, this latter event ensured that the honeymoon between the military and the new government would, like its 1987 predecessor, be shortlived. However, this time the trigger for opposition from the bruised military came from a government attempt, ahead of the 2006 Election, to heal rifts within its Fijian support base over the 2000 coup by offering the possibility of pardon.

Fiji's failure to bridge its ethnic divide has cost the country dearly.⁹ The politicisation of its military may be a very visible cause of instability, but many other forms of instability exist whose origins can be traced back to political decisions to employ ethnocentrism as the means to maintain or attain power. Villagers who block access roads or occupy land, often in defiance of their own responsible institutions, and public servants and politicians who deliberately sabotage land lease negotiations for political advantage simply play out a strategy now embedded in the country's psyche. As one historian wrote 'sometimes it is easier to dream the old dreams—even when they are nightmares—than wake up to unfamiliar realities' (Mazower 1998:401).

Confronting unfamiliar realities

Nonetheless, the realities are all very visible. Fiji's racial politics have impacted severely on the economy and accelerated urbanisation and emigration to the detriment of economic growth and social services.¹⁰ Ironically, the coups and their aftermath have created the very conditions that make tackling perceived Fijian inequalities impossible; thereby

sustaining the appeal of ethnocentrism. Now, nearly 20 years since Fiji's first coups consolidated ethnocentric politics, it is time Fiji confronted its unfamiliar realities. With sugar and garment production declining, Fiji is ever more reliant on the one industry most vulnerable to political instability—tourism. It is not just that Fiji can no longer afford to condone the irresponsible behaviour of ethnocentrists and opportunists; it is also that with rapid urbanisation and emigration the politics of ethnocentrism have begun to lose their potency. Both changes create new challenges for leaders who have gained most from it. Urbanisation reveals more starkly that the majority of Indo-Fijians is no better off than the majority of Fijians and provides issues of common interest around which new political multi-ethnic coalitions can form: for example, housing, education, access to social services, employment, and of course gender—in reality, perhaps the greatest divide within the country. Emigration has seen the demographic proportion of Indo-Fijians fall from 49 per cent in 1986 to at least 37 per cent in 2006. If current rates of emigration continue, Indo-Fijians will comprise less than 25 per cent of the population by 2020—hardly the grounds on which to maintain the primacy of ethnic political unity to the exclusion of all other policy considerations.¹¹

If Fiji is to put its past behind it, it can only do so by emphasising the value of connectivity. In the realm of politics this is theoretically simple to achieve, although in practice difficult. Mechanisms already exist for power sharing, but they have never been utilised and perhaps need not be. It would make much more sense to amend the Constitution and enable proportional representation to reflect better the true diversity of Fiji's many communities and thus give greater scope for inter and intra-communal cooperation. But with no immediate sense of urgency, constitutional change is unlikely.

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Consequently, the 1999 scenario in which a majority of Fijians voted for non-establishment Fijian parties who then allied themselves with a predominantly Indo-Fijian party to form government is the most likely scenario for regime change in the future. As the proportion of Fijians increase, so will the scope for Fijian division and the need for allies. Ironically, Indo-Fijians may well find their political influence increase as their proportion of the population declines, although this too may not be without danger.

Political change will always risk instability as long as the culture of 1987 continues and the electoral system encourages unrepresentative results. That was the lesson of 1999, but there are few politicians and state officials prepared to build a new consensus on which a more vibrant future can be constructed. But build it they must if they wish to see their people enjoy a better future. Engagement does not just mean inter-communal engagement; it also means intra-communal engagement. For too long, differences within communities have been neglected in the name of communal unity. In the future these differences will not be so easily swept under the communal mat; indeed they are likely to assume even greater importance. Consequently, Fiji needs more than ever to construct an inclusive national identity, one that is not built on insular paramountcy but on common interests and goals—in short, a new sense of collective community.

Connectivity denies insularity, but because insularity is the hallmark of comfort zones, it is difficult to shake. A lot is invested in comfort zones: wealth, power, and identity among others. When Telecom justifies its exorbitant rates to Fiji citizens, it does so by comparing itself with other Pacific islands with similar monopolies, never with countries such as South Korea that have successfully ended their monopolies and ridden a boom in telecommunications built

on lower prices and rising business and consumer activity. To date, Fiji's telecommunications monopoly remains one of the biggest impediments facing business competitiveness and growth in its nascent ICT sector. For a country in which rural dwellers still possess minimal phone access, a competitive mobile phone market is the only way to drive prices down and empower villagers in ways that improve their links with markets.

Similarly, Fiji needs to examine how other countries have utilised connectivity to reform business practices and reduce poverty. This is not to suggest replication. Every society is different in terms of its history and culture, just as at every point in time regional and international contexts differ. Nonetheless, we are all people on a single globe with very similar goals, with much to learn from our different experiences.

Unfortunately, in the Pacific there is too much navel gazing. We want to find out what makes us different, rather than what we share in common. The University of the South Pacific can rightly claim to be one of regionalism's success stories, but year after year it turns out graduates with little knowledge of the wider world.¹² It has no courses, for example, on its closest metropolitan neighbours and yet 80 per cent of Fiji's trade is with Australia and over the next few years trade negotiations with Australia and New Zealand will be crucial in defining its development trajectory for years to come. Effective negotiation requires, among other skills, deep understanding of where negotiating parties are coming from—so too the art of making connections.

If we study the reforms undertaken in other countries we might learn, for example, that relocating squatters and other disadvantaged peoples to disconnected suburbs¹³ on the outskirts of cities, bereft of investment potential and far from work opportunities and social services is a recipe

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for disaster.¹⁴ And yet, despite all the lessons that can be learned from studying the history of urbanisation and poverty reduction in North America, Europe and Australasia, very little penetrates the policymaking decisions that affect Fiji's growing cities such as Suva, with the result that they seem likely to repeat mistakes made elsewhere. Instead, we comfort ourselves that we are unique or that we do not have the resources or capacity to emulate other countries,¹⁵ and that somehow in the end we will discover a Pacific Way of doing things.

In Fiji we have yet to appreciate fully the value of connectivity. Fiji has lost close to 14 per cent of its population since 1987 due to emigration. Many public officials in the immediate post-coup years undoubtedly welcomed this trend as a gentle form of ethnic cleansing, just as they were prepared to condone corruption as a means to promote the goals of indigenous welfare.¹⁶ Since then, Fiji has experienced its downside: a decade or more of economic stagnation and the loss of crucial skills. Not surprisingly, very little has been done to connect with many of the people who left the country, to induce them to return with their skills and new overseas contacts, or to treat them as a resource that can boost Fiji's dismally low rates of private investment.¹⁷ The government has been prepared to grant effective dual citizenship to Fijians, but not to Indo-Fijians.

Something of the same mind-set afflicts Fiji's approach to labour mobility. It recognises the value of remittances in helping to fill the gap in revenue caused by declining sugar prices and garment exports,¹⁸ but has no strategy in place to ensure that remittances are used effectively, or to use circular labour mobility to upskill its existing labour force in areas crucial for economic growth that face chronic skills shortages.¹⁹ Remittances undoubtedly alleviate poverty, reaching families much more directly and swiftly than most forms of aid or foreign direct investment.

But unless opportunities for labour mobility are coordinated, they will remain largely palliative in impact, unable to promote the sectoral gains needed to foster growth.²⁰ This is one reason why the pine and garment industries failed to deliver on their initial promise. Both have effectively become extractive industries: one exporting wood chips, the other exporting the value-added of cheap labour. Neither has developed backward linkages with the rest of the economy in order to develop value-added industries and promote new skills with the potential for spin-offs. Only Pacific Green's exploitation of old-growth palm wood demonstrates how that potential might be achieved when combined with innovative design and rapid diversification.²¹ Sadly, nothing of the same order has been achieved with respect to pine or clothing, despite the existence of a near 600,000-strong tourist market desperate for added value to their Fiji holidays in the form of alternatives to clichéd Pacific island tourist souvenirs and crafts. The growth of Fiji Water demonstrates how industries can ride on the success of another, once connected. Begun in 1996, it targeted resorts, restaurants and their clientele, using the connections they offer to become the second largest foreign supplier of water to the United States (after Evian) and earning F\$25 million in 2005. New partnerships, for example with perfume manufacturer Estée Lauder, may help double its earnings in the next few years. As noted earlier, the clothing industry neglected the potential market that tourism offered; so, too, it appears Fiji's nascent entertainment and ICT industries.²²

All these value-adding activities have the potential to generate employment and spawn new ventures, but they require from planners greater vision and recognition of the importance of inter-sectoral connectivity.²³ They also require investment in skills and market connections. Circular labour mobility offers a partial solution if

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schemes can be devised to upskill workers in those sectors currently constrained by skills shortages or which have the potential to foster economic growth: namely, horticulture, construction, finishing, and furniture trades. The payoff should be more motivated and skilled workers, and improved industrial practices and design. Both are essential outcomes if the new mahogany industry is not to go the same way as the pine and garment industries. We need to remember, for example, that Fiji's rugby skills are not home grown; they have been gained through constant international engagement. The same is necessary for other skills also, including health workers. The annual loss of health workers costs Fiji and its citizens dearly,²⁴ yet relatively simple solutions are at hand. The status of medical doctors and nurses could be greatly improved if their training became part of the University of the South Pacific; certainly such a move could also provide a platform from which to develop much-needed health and biotechnology research and grow a range of other important health services and pharmaceutical products. Fiji possesses the biodiversity and capacity to make this possible, but lacks the political vision to make it happen. Year-long sabbaticals at regular intervals in countries like New Zealand and Australia would not only improve industrial practices and the skills of health workers, it might also staunch the serious health skills drain.

The health sector is but one example of how connectivity can assist to deepen and extend the range of economic activities. Niche areas are others that Fiji needs to capitalise on much more than it has; some of these we have already touched on but there are many more: health products, medicinal and certified organic plants, kava, taro, spices, preserved fruit and vegetables, cut flowers, seaweed, prawns, and pearls, to name but a few. These activities will not succeed or

expand further without considerable planning and assistance, not only for the industries themselves but also for the economic and social infrastructure they require to flourish. Fiji has done poorly in this regard over the last 20 years, in part because political instability and corruption has deprived it of investment and economic growth, but also because it has no immediate vibrant regional community from which to draw strength aside from its Forum partners Australia and New Zealand. Nor does its region generate sufficient geopolitical interest to attract large and consistent inflows of economic assistance with which to finance that economic and social infrastructure.

Using tourism as a platform for growth

As we have also noted, connectivity has most impact where it generates considerable inter-sectoral linkages. In this regard, most postcolonial development strategies failed. Sugar provided little scope for such linkages, although its small liquor industry and planned bagasse fuel production offer some opportunities. But sugar production itself can only survive if farming units are increased in size and the industry mechanised. Even then it is unlikely that sugar will again provide Fiji with the kind of income that it requires to expand and deepen economic growth. Only tourism—Fiji's largest and most consistently successful industry—satisfies some of that potential, although not solely through its post 9/11 strategy of increasing beds to accommodate short-term visitors. If tourism is to assist Fiji generate economic activity and much-needed social and economic infrastructural investment, it must broaden and deepen its linkages with the rest of the community. Clearly, this is already happening to a limited extent at Momi

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Bay, Denarau and Natadola where clusters of tourist facilities focus on different market segments. Fiji now possesses a much deeper range of tourist facilities than it did 20 years ago, and there are signs that ecotourism is beginning to impact on villages distant from tourist sites. But none of these activities are able to transform inter-sectoral linkages in ways that will substantially grow Fiji's economy, and generate more employment and a range of new activities. The following two examples suggest how that might be achieved.

First, the annual flow of over half a million tourists creates a ready market for the supply of food, a large proportion of which is currently outsourced. Domestic production will always enjoy a comparative advantage over imports if it can meet industry quality and supply requirements. According to one recent report, the supply of pawpaw, mangoes and pineapple to tourists alone would more than double current export production of these crops (McGregor 2006). The infrastructure required to change Fiji's current agricultural practices towards horticulture will not come cheaply or easily, but it would have the potential to transform rural life radically and create many new opportunities for niche production activities, without requiring the same economies of scale that livestock or grain production requires.²⁵ Fiji has the land and the labour to expand horticulture; all it needs is to develop the expertise and structures to extend its current reach.²⁶ Certainly it must introduce better and higher yielding varieties of vegetables and fruit than it currently possesses, and it will have to transform its current agricultural research and extension activities dramatically and focus on yield and quality improvements, the provision of market information, storage facilities, farmer training, and competitive marketing strategies.²⁷ But, above all, it has no option but to hasten the development of sealed roads that will open

up the untapped resources of much of the country and provide many isolated rural communities and villages the opportunity to pull themselves out of relative poverty. Horticulture has the potential to revitalise the rural sector and thereby slow down urbanisation.²⁸ But development of horticulture is unlikely to occur without political unrest, not only because this form of agriculture depends on resolving the politicised issue of land leases but also because it requires resolving the even thornier issue of returning the income derived from land leases in a form that can be used by landowners for rural investment. Currently, most rent monies, estimated at approximately F\$20 million a year (Fiji 2002a:186), are dissipated to support the chiefly hierarchy and the Native Land Trust Board; consequently, there is no guarantee that this most important source of capital for rural Fijians is used productively. Additionally, investment capital will be difficult to source initially if Fiji fails to find leasing solutions that enable farmers to use their land as collateral. Fiji's leaders need to appreciate more urgently that their fastest growing sector—tourism, which consumes at least F\$30 million of food annually—provides a useful market and source of capital that can be used to drive the primary expansion and professionalisation of horticulture. Some hotels already source a small range of perishable commodities from landowners; but if their efforts are to have wider and deeper application, greater state and industry participation is required. Nonetheless, the willingness of some resorts to participate indicates the possibility for infrastructure partnerships in the future.

The linkage with tourism should not be regarded as an end unto itself. The goal should be to transform agriculture and restore dynamism to the rural sector and assure Fiji's future. By using tourism and low cost staples to resuscitate agriculture, raise productivity and rural incomes, Fiji will be

better placed to diversify its rural economy. Hence the need to prioritise rural infrastructure, human capital development, and agricultural science and technology investments in order to increase demand for rural labour, goods and services, and generate non-farm rural industries.²⁹ Undoubtedly, considerable political will is required for this to happen; if anything the strength of the subsistence rural economy reduces pressures on politicians to advocate rural transformation.³⁰ In contrast, across much of eastern Asian, 'concern for food security drove the transition from subsistence agriculture to rural food surpluses, thus alleviating rural poverty directly, and overall poverty through lower real food prices' (Trimmer 2005:16).³¹

The second example links tourism with the urban sector and requires the industry to diversify away from short-term visitors. It creates the opportunity for cities like Suva and Lautoka to provide an attractive setting for longer-term, older visitors who might wish to escape their winters or soak up a different lifestyle for two or three months a year. There are many examples around the world of such success stories in countries such as Italy, France, Spain, the United States and Australia, to name but a few. The beauty of such a strategy lies in its obvious immediate impact on the country's service sectors. Being embedded tourists with higher disposable incomes, they will demand more in the way of services from local shops, restaurants, entertainers, and health providers. By this means they will connect more directly with the urban economy than current forms of tourism, and we should see new and improved services as well as new economic opportunities (for instance major international events and festivals) as a result.

Both examples do, however, point to the importance of infrastructure. For horticulture to expand, Fiji needs to commit to a rural road network and support services to assist farmers. It also needs to strengthen its

research in biotechnology and establish extension training services for farmers and rural communities. Similarly, Fiji needs to pay much more attention to its built environment, waste management, utility services and housing settlements. Above all, it must give priority to innovation and design. A small country will always have to try harder to sell itself; hence novelty and flair must be part of that strategy, and not only with respect to products such as those produced by Pacific Green. The country itself, and particularly its cities and towns, must take this to heart and transform themselves in ways that not only appeal to longer-term visitors but also provide more comfortable and healthier environments for their own citizens. Unfortunately, Fiji has no design school, no national art gallery, and no showcase museum to assist in this regard. These are not frivolous ventures that should always run a poor second or third in the list of national priorities. They are important expressions of nationhood, they reward creativity, and they add considerable value to the country's economic activities—not the least being tourism. Consider the value of Te Papa Museum to New Zealand's cultural life and to its tourism, or Kuala Lumpur's twin towers to Malaysia. Consider the success Dubai has enjoyed by utilising iconic architecture as the means to draw in tourists to what would otherwise be just another sun-baked Gulf port.³² We would be hard pressed to find similar design flair within Fiji's built environment, and yet if we wish to draw in visitors and investors, flair and creativity sends important signals to the market that Fiji can no longer afford to ignore.

Conclusion

Of course, unlike Dubai, Fiji lacks access to the capital West Asian oil generates. We noted earlier that Fiji also has never enjoyed

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the same flows of capital and market access that energised the development of eastern Asia over the past five decades, nor has it faced the same dangers that helped focus the minds of Asian leaders, reform agricultural production, and shape strong state institutions. But this is not to suggest that Fiji is fated to fail.

Fiji does possess strong connections with its two large Forum partner countries whose economies offer huge potential for economic growth, both as initial markets for its services and products and as a source of investment capital. Fiji also has the opportunity in upcoming PACER negotiations to insist that its Forum partners respond appropriately. In addition, Fiji has available to it the services of regional organisations able to assist in crucial areas of development. These organisations might not have been as focused on the fundamentals of economic growth as they should have been, but the point is that Fiji is not alone in the world. As well as possessing a relatively well educated population and a regional university with the potential for world class status, Fiji enjoys one feature that sets it apart from almost all other Pacific islands, its large and growing number of tourists. That success story demonstrates Fiji's capacity to facilitate economic growth through the provision of institutional support, infrastructure and security, despite the country's many connectivity dilemmas that we have explored. Tourists may not be worth as much as the daily production of a million barrels of oil or the annual movement of FDI into and around eastern Asia, but they do represent a considerable platform from which to sell Fiji to the rest of the world, expand economic activities, support private sector initiatives, and raise the incomes and opportunities of its peoples. Above all tourists represent both a challenge and a way forward infinitely more rewarding than anything promised by the politics and economics of nostalgia. Can Fiji do it? Only as Team Fiji, interconnected, dynamic and focused.

Notes

- ¹ The notable examples in eastern Asia are Japan, South Korea, Hong Kong, Taiwan, Thailand, Singapore and Malaysia.
- ² In 2004 approximately 300,000 tonnes of sugar earned over F\$300 million, comprised 22 per cent of domestic exports, accounted for 7 per cent of GDP, and employed over 30,000 people. But with costs of production 70 per cent higher than the world average (62 per cent of this attributable to farm inefficiencies) and prices set to fall 37 per cent by 2010, at least 42 per cent of cane farms will not be viable (Bolatiki 2005; Lal and Rita 2005). Despite recent effects to upgrade milling facilities, little has yet been done to ensure farm production efficiencies.
- ³ Average gross cane incomes are currently estimated at F\$8,791 but are expected to fall to F\$6,100 by 2009 (Lal and Rita 2005:30). Another estimate places average net cane incomes at F\$3,138, falling to \$1,400 by 2007 (Naivalawaqa 2006). Perhaps symptomatic of the deficit of rural Fijian access to capital is the fate of income generated by over F\$30 million in state grants to the Fijian Development Trust Fund. It is being used to finance the building of the Great Council of Chief's office complex at Draiba in Suva (Kikau 2005).
- ⁴ In 1989 the Minister of Finance, Josevata Kamikamica, declared that the Interim Government's Tax Free Factory initiative was one demonstration of how the 1987 coups had enabled Fiji 'to sever the apron strings which tied [Fiji] to inherited colonial characteristics' (*Fiji Times*, 3 June 1989:3). Navi Naisoro, then Permanent Secretary for Trade and Commerce, declared: 'My hope is that one day instead of seeing the greenery of sugar cane fields we see the greenery of well engineered factory complexes' (*USP Bulletin*, 2 March 1990:1-3).
- ⁵ By 2005, export earnings had fallen 35 per cent to \$F200 million; a further decline to F\$100 million and a labour force of 9,000 has been projected for 2006 (*Fiji Times*, 5 April 2006:5).
- ⁶ Fiji has few examples of local outlets championing local designs apart from Wai

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Tui; certainly none of its tertiary institutions have promoted studies in design (whether in clothing, graphic art or architecture), and the garment industry has not promoted Fiji as a location for international fashion awards. Eastern Asia again presents a useful contrast, in part because its countries invested their gains in social and human capital, enabling them to diversify production activities, move into greater value-added production, and use their increasingly prosperous populations to reduce the impact of external market fluctuations.

- ⁷ Tourism is a useful example of connectivity, first with external communities possessing the resources and time to engage in leisure pursuits, and second with the service sectors that bring in the tourists. A F\$30 million industry in 1970 has now expanded to F\$700 million, employs 40,000 people (10 per cent of the labour force) and comprises 17 per cent of GDP. Like agriculture, it is more labour intensive than manufacturing, which in 2001 employed 28,000 people and comprised 15 per cent of GDP (Berno 2005; Fiji 2002b: 82, 84).
- ⁸ Berno (2005) estimates Fiji's leakage rate at 60 per cent, while the South Pacific Tourism Organisation (2005) estimates that 66 per cent of the tourist dollar is expended locally.
- ⁹ Poor governance, in part attributable to the coups, is estimated to have cost Fiji US\$4.3 billion between 1987 and 2003, or a loss of US\$5,456 in per capita GDP (Asian Development Bank-Commonwealth Secretariat 2005:13). The coups placed Fiji tourism on a much lower growth path, costing it some F\$2.4 billion in lost earnings (Narsey 2004:13); arrivals declined nearly 30 per cent in 2000 (McCuthan 2005:10).
- ¹⁰ Economic growth between 1999 and 2004 averaged only 2.5 per cent, in 2005 it fell to 1.5 per cent and is expected to hover around 2.5 per cent for the next three years (*Fiji Times* 31 March 2006:3). Only 50 per cent of the population has access to safe water and sanitation (75 per cent in urban areas, 12 per cent in rural areas) and 30 per cent of the population struggles to meet basic needs. Statistics such as these demonstrate why Fiji's human development ranking fell from 66 to 81 between 1975 and 2005 (Asian Development Bank 2006).
- ¹¹ Indeed, in the run-up to the 2006 Election the impact of Indo-Fijian demographic decline began to penetrate the consciousness of politicians for the first time, despite the fact that for most of the past decade it has been most apparent in urban Indian schools where Fijians now make up half of all secondary students and 70 per cent of primary students. Leader of the Opposition Mahendra Chaudhry declared 2006 the last opportunity for Indo-Fijians to elect their own government, while Prime Minister Laisenia Qarase urged Fijians to help his party win 'this war' to ensure only Fijians rule the country (*Fiji Sun*, 21 April 2006; *Fiji Times*, 22 April 2006:3).
- ¹² Its 2020 Vision Statement prioritises positioning the University as a 'Centre of Excellence for all things 'Pacific', including Pacific values, ethics and knowledge systems' (University of the South Pacific 2004:23).
- ¹³ Unlike the rest of the Pacific, Fiji has low population growth (approximately 1 per cent per annum), relatively strong economic potential, and ample land. Urban areas generate 60 per cent of GDP and house 55 per cent of the population (Storey 2006:7). Its rate of urbanisation (2 per cent per annum) has been halved as a result of steady emigration. Nonetheless, 30 per cent of urban households live in poverty and 41 per cent in informal settlements where 80 per cent of all new housing takes place. In eastern Asia, public housing solutions were made possible by income growth. Lacking similar income growth, the Fiji government has reduced its role in public housing, recently conceding that at current rates of expenditure it will take 60 years to meet present demand. Confronting a high proportion of youth (40 per cent between 15 and 29 years), this strategy may aggravate urban law and order problems (Fiji 2004).
- ¹⁴ Gary Dymksi argues that anti-poverty strategies that address only the individual or family dimension of a community's structural deficit will not work. There needs also to be a plan to strengthen income earning, business cooperation, and the financial structures of suburbs (Dymksi 2005: 249).

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- ¹⁵ Donavon Storey claims that Pacific towns and cities are 'unique places requiring innovative approaches and visionary policies', adding that '[t]here are neither the resources nor the capacity to simply copy the strategies of large states' (Storey 2006:7).
- ¹⁶ When the National Bank of Fiji collapsed in 1995, its Chief Manager, Visanti Makrava, defended his actions by claiming: 'I have done a lot to achieve the goals of the coups for Fijians and Rotumans' (*Review*, January 1996:12).
- ¹⁷ Private investment is currently only 5 per cent of GDP, while investment overall stands at 15 per cent, well short of the Government's 25 per cent target needed to attain 5 per cent economic growth and increase employment, and certainly far short of China's 40 per cent of GDP investment rate. (China, we might note, initially used investments from overseas Chinese as a platform from which to more aggressively target FDI.) Fiji also receives the lowest ODA in the region: 1.2 per cent of GDP (*Fiji Times*, 31 March 2006:3, Asian Development Bank 2006; *Review*, 16 November 2004:4).
- ¹⁸ Remittances have increased in value from F\$86.5 million in 1999 to an estimated \$350 million in 2004, perhaps the second highest source of foreign exchange and valued at 7 per cent of GDP, with the potential to reduce poverty by up to 4 per cent. Most of this came from the earnings of soldiers in the British army, security personnel, nurses and sports people (Baselala 2005).
- ¹⁹ A recent report highlighted skilled labour shortages in the construction industry, the finishing trades, tourism management, ICT sectors, nursing, horticulture, human resource management, and aquaculture (Voigt-Graf 2006; see also Robertson 2006a).
- ²⁰ There may equally be the danger, that like preferential market access, remittances will be treated as a permanent fixture of the economy rather than as a temporary windfall. Fiji's remittance base, derived largely from British and US involvement in Western and Central Asia, is much more volatile than Tonga's or Samoa's, which are derived predominantly from emigrants and family connections.
- ²¹ Pacific Green developed an export market worth F\$10 million and has expanded beyond furniture into architectural building products. Unfortunately, because of Fiji's lack of skilled trades people and because of market access difficulties, it has shifted production to China. Fiji now substantially supplies only palmwood to the business.
- ²² Fiji's audio visual industry has at least recognised the value of its Indo-Fijian population to attract Indian film productions to the country. It expects to generate F\$85 million from 60 projects over the next seven years ('Visual projects to total FJD \$85m', *Pacnews*, 20 October 2005).
- ²³ Despite tourism's success, it also demonstrates lost promotional opportunities, presenting only Fiji's 'traditional' face rather than its dynamism and diversity. There are not many countries where significant proportions of the population can speak fluently in the world's three main languages—English, Hindi and Chinese. That advantage has ICT possibilities, but equally it gives Fiji comparative advantage as a tourist destination in terms of the diversity of experiences it can offer visitors and as a means to source new tourists from growing Asian markets.
- ²⁴ Each year the equivalent of 65 per cent of Fiji's output of graduate nurses migrates (Robertson 2006b).
- ²⁵ Globally, horticulture remains the least funded agricultural sector, despite the fact that the value of fruits and vegetables traded is twice that of cereals (Weinberger and Lumpkin 2005).
- ²⁶ Already, smallholder horticulture is the fastest growing sector within agriculture and, because of good shipping and air services, could increase present production fivefold by exporting more to the Pacific Rim—assuming it can overcome quarantine hurdles and attain the necessary negotiation skills (McGregor 2006:14). Currently, non-sugar crops and livestock comprise 8 per cent of GDP and 11 per cent of agricultural exports (Fiji 2002b:76).
- ²⁷ Fiji has already received some US\$25 million in ADB loans to improve rural living standards at risk from sugar restructuring, to promote agricultural diversification, strengthen agricultural services, and

improve access roads (Asian Development Bank 2005).

- ²⁸ That potential depends to some extent on the sequence of rural development, given, as Trimmer concedes, that in a world of relatively open trade, cheap food, and economies of scale in accessing food supply chains, large-scale, technology-driven farms can push small farmers out of the commercial market (Trimmer 2005:1).
- ²⁹ Ideally, rural industries should form clusters that feed on themselves for inputs and outputs. Trimmer argues that rural industries act as a bridge between commodity-based agriculture and livelihoods earned in urban centres. They act as a ladder for farmers to raise income. They also help diversify risks for rural dwellers and reduce dependence on staple crops (Trimmer 2005:5, 22).
- ³⁰ McGregor argues that traditional food production is still 'a hidden strength' of many Pacific island economies, in Fiji's case contributing as much to GDP as sugar, providing food security, and keeping Fiji's food imports low (McGregor 1999: viii, 8).
- ³¹ In this regard the dominance of ethnic politics in Fiji tends to disadvantage rural Fijians, depriving them of a lever against the urban bias of many Fijian planners.
- ³² Dubai's most famous structure is the 1999 spinnaker-shaped Burj Al-Arab, the world's tallest hotel, and now the national symbol for Dubai. Under construction is (possibly) the world's tallest building, the Burj Dubai, containing apartments and shopping malls for 150,000 people. Its developer declares the Burj 'nothing about the past. It's about saying "We have arrived. We're here"'. With a population of only 1.2 million, this Sheikdom has prospered not on oil (6 per cent of income) but free trade, ICT industries, tourism, and of course exploited migrant labour (Rose 2005; Davis 2005).

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