

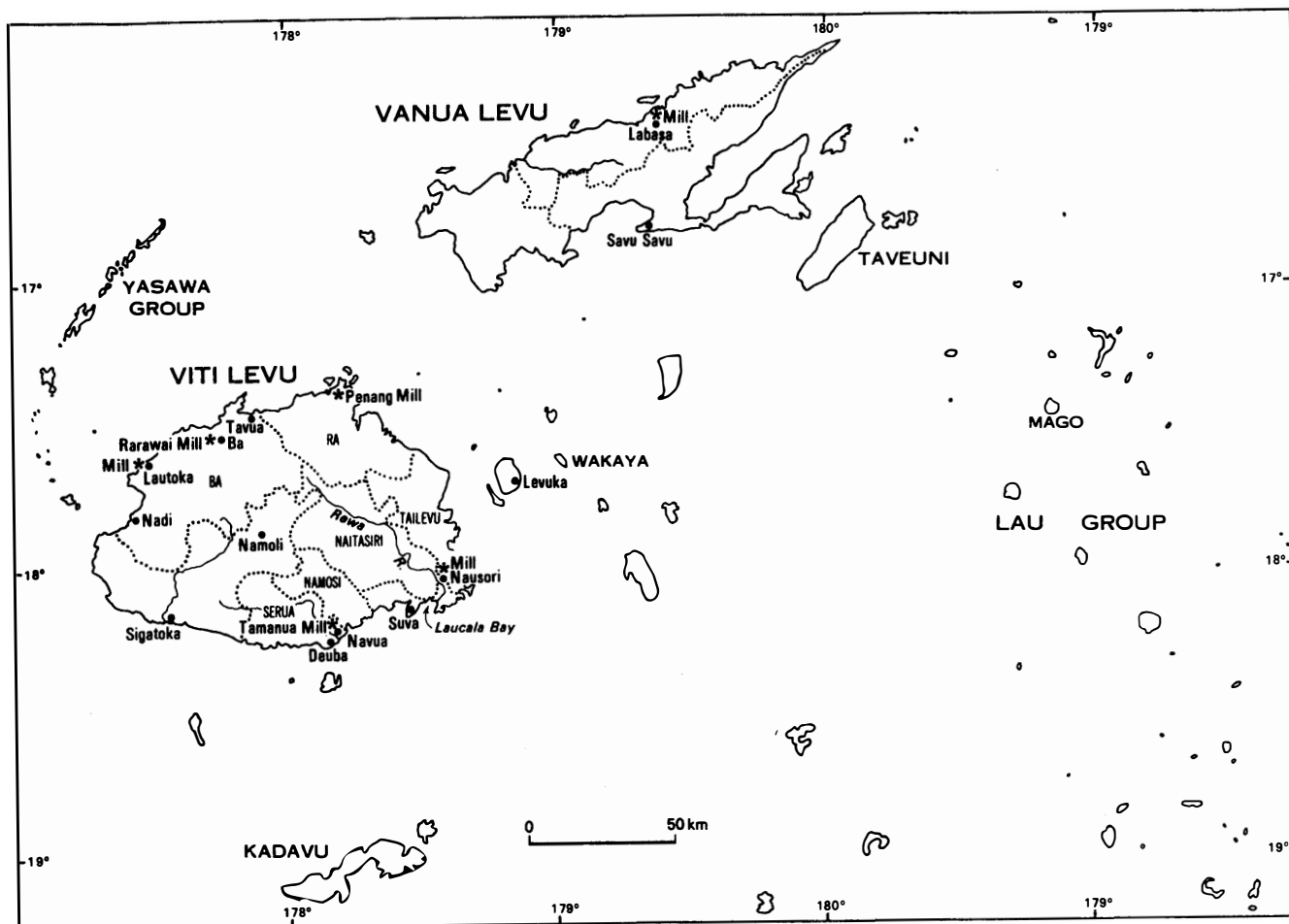
The Australian National University
Pacific Research Monograph Number Five

Brown or white? a history of the Fiji sugar industry, 1873—1973

Michael Moynagh



Brown or white?



Map of Fiji

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The author, Dr Michael Moynagh, has written articles on land tenure in Fiji, on the Commonwealth Sugar Agreement and on the tea industry in East Africa. He has a PhD in Pacific History from the Australian National University, and is currently Policy Adviser, Pay, with the Confederation of British Industry in London.

Cover Illustration from Cook, James. *Captain Cook's Voyages around the World*, printed for Miller, Law and Cater, Vol. 4, London, 1790.

Summary

In this book Dr Moynagh provides the first comprehensive history of Fiji's sugar industry, which has been the mainstay of the country's economy for the past hundred years. He examines the circumstances in which the industry was set up, the development of plantation agriculture before World War I, the evolution of the unique smallfarm system of sugar production, the conflict of interest between the mostly Indian growers and the Australian based millers, and the withdrawal in 1973 of the Colonial Sugar Refining Co. Ltd which had dominated the industry since the 1880s.

Using company records not previously open to scholars, Dr Moynagh provides insight into the formation and implementation of policy by a multinational company, CSR Ltd. He provides a case study of private company-government relations, he estimates the size of company profits and compares that with the estimated capital invested by the company in Fiji, and he assesses the company's contribution or otherwise to Fiji's economic development. Though the approach is historical, the book presents material of interest to economists and political scientists alike.

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Abbreviations

ACCA	Agricultural Credit Cooperative Association
ACP	African, Caribbean and Pacific signatories to the Lomé Convention
ALTO	Agricultural Landlord and Tenant Ordinance
C (& CF)	Confidential File
c.i.f.	cost, insurance and freight
Cmd.	Command Paper (British Parliamentary Papers)
C.O.	Colonial Office
conf.	confidential
C.P.	<i>Council Paper – Fiji</i>
CSA	Commonwealth Sugar Agreement
C.S.O.	Colonial Secretary's Office
CSR	Colonial Sugar Refining Co. Ltd
EEC	European Economic Community
enc.	enclosed
f.o.b.	free on board
FSC	Fiji Sugar Corporation Ltd
GDP	Gross Domestic Product
H.O.	Head Office of the Colonial Sugar Refining Co. Ltd
I.O.	India Office
ISA	International Sugar Agreement
mfm	microfilm
M.P.	Minute Paper
n.d.	no date
NLTB	Native Land Trust Board
NLTO	Native Land Trust Ordinance
PMB	Pacific Manuscripts Bureau
N.T.	Net Titre
P.O.C.S.	Pure Obtainable Cane Sugar
P.P.	<i>Parliamentary Paper – Fiji</i>
SPSM	South Pacific Sugar Mills Ltd
S.S.	Secretary of State
tel.	telegram

Chapter 1

Introduction

For nearly a hundred years sugar has been the mainstay of Fiji's economy. It has accounted for over — usually well over — half the total exports each year. It has provided direct employment for large numbers of people — about 30 per cent of the economically active population outside subsistence agriculture in 1966 to which must be added the indirect effects on employment.¹ Between 1950 and 1965 on average sugar represented one-fifth of gross domestic product each year.² The industry has played a central part in shaping the history of Fiji. The size of the Indian population today, and the resultant competition between Fijians and Indians for political and economic gains, stems largely from the introduction before 1916 of indentured labour to work on sugar plantations and in the mills.

Not only has sugar been of immense importance to Fiji. Its historical development contains features of singular interest to those outside the country. No other sugar industry in the world has virtually all its cane grown by such a large number of small growers — now numbering over 16,000. Nor can there be many which for almost their whole history have been so dominated by one company, the Australian-based CSR Ltd, formerly known as the Colonial Sugar Refining Co. Ltd. From 1924 to 1973 it was the sole miller of sugar in Fiji, buying cane from (mostly) Indian smallfarmers, processing it into raw sugar and exporting it for refining overseas. Before 1924 it organized the cultivation of cane on estates, and of the six mills in the colony after 1902 it owned the four largest. The company has a remarkably complete set of records dating from the 1880s when it started in Fiji. Together with official and other sources, they provide insight into the effects of private enterprise on the economy of a less developed country. The question of who benefited from the sugar industry — white capital or brown labour — will form an important part of this study.

Another question will be the extent to which the industry has contributed to Fiji's economic development — defined as the growth of real *per capita* incomes of the mass of the population. By world standards Fiji is not poor. Gross domestic product per head of the population is higher than that of nearly all the African and Asian countries. Yet it is lower than several other members of the Third World such as Singapore, and is far below that of the developed nations.³ Fiji is a small country, physically isolated from the main centres of world trade. The land area totals about 7,000 square miles, mostly steep and mountainous. Eighty-seven per cent of the land and over 90 per cent of the population are concentrated on the two largest islands of Viti Levu and Vanua Levu. The population is over half a million, of which the Indian component is the largest, followed quite closely by the Fijians; Chinese, Europeans and other ethnic groups comprise under 10 per cent of the total. Population trends since 1881 are shown in Table 1.1. The subsistence sector, which is mainly Fijian, is still an important part of the economy, accounting for an estimated 9.4 per cent of GDP in 1975.⁴

Table 1.1
Component populations, 1881 to 1976

Year	Fijian	Indian	Other	Total
1881	114,748	588	12,150	127,486
1891	105,800	7,468	7,912	121,180
1901	94,397	17,105	8,622	120,124
1911	87,096	40,286	12,159	139,541
1921	84,475	60,634	12,157	157,266
1936	97,651	85,002	15,726	198,379
1946	118,070	120,414	21,154	259,638
1956	148,134	169,403	28,200	345,737
1966	202,176	240,960	33,591	476,727
1976	259,932	292,896	35,240	588,068

Sources: Census report for 1966; preliminary figures from the 1976 census, Bureau of Statistics, Suva.

The monetary sector depends heavily on the international economy. Despite an increasing amount of import substitution, the import bill has represented a steadily rising proportion of GDP. From 39 per cent in 1950 it rose to 50 per cent in the mid-1960s and to 73 per cent in 1974.⁵ Much of the increase is due to the import of investment goods. Yet food imports are still important, representing around about 25 per cent of all imports by value in 1973, and about 45 per cent of total visible exports. This import dependence has forced government to give priority to boosting the earnings of foreign exchange. Apart from sugar, which accounted for 66.9 per cent of visible exports in 1973 and provides employment mainly for Indians, the other principal exports are coconut products (11.7 per cent of the 1973 total) and gold (also 11.7 per cent), both of which employ mostly Fijians. Since the 1960s receipts from tourism have been important, and in 1973 comprised 32.7 per cent of total foreign earnings.⁶ Because these activities have been developed largely as the result of overseas investment, foreign-controlled firms dominate important sectors of the economy, though the sugar mills were acquired by government in 1973.

The country's dependence on overseas trade and foreign capital has involved an historical alliance between private capital, government and Fijian chiefs. When the islands were ceded to Britain in 1874, the colonial administration was faced with the task of maintaining political control. Without a large armed force at its immediate disposal, government had to rule with the consent of the chiefs. This required compromise, including a willingness by government to limit the spread of plantation enterprise which was seen by the chiefs as a threat to Fijian interests. The alienation of native lands was checked, and Fijians were discouraged from working on plantations. Yet at the same time, though reluctantly, government had to encourage private enterprise, not least to raise revenue to pay for administration. A large part of the best land in the colony was made available to planters because a government commission confirmed the alienation of about half of what had been sold to Europeans before Cession, while at times officials encouraged Fijians to lease other areas. On this basis, capitalists were persuaded to invest in the colony. Much later, when Indians became storekeepers, set up import/export firms and so on, Indian businessmen would join hands with overseas capital.

The result was an identity of interest between capital, government and chiefs which was to last throughout the

subsequent history of the islands. Each party depended on the others. Business needed chiefly support for the existing order, thereby ensuring political stability which was a prerequisite for trade; it also relied on government for other forms of assistance where needed. To maintain political order, government required the support of the chiefs and the inflow of private capital which would lead to economic growth and increase public revenue. The Fijians wanted government to protect them against the expansive tendencies of private enterprise and later the Indians; yet those who could lease land also benefited from the receipt of rents when commercial agriculture developed. Of course within the alliance there were tensions, particularly between business and the chiefs. Especially at the beginning, neither party fully realized the extent to which their interests coincided. There was competition, too, for factors of production, notably land, and to some degree over the share of the returns from agriculture obtained through rent. Even within the business community there were differences. The Colonial Sugar Refining Co. Ltd wanted to maximize its returns by paying as low wages or as low a price for cane as it could; but since recipients then would have had less to spend on consumer goods, this was against the interests of merchants. There were also disputes between the company and government over what share of the profits from sugar each should obtain, and over some of the methods used by the company to make profits. Yet whatever the differences, and to contemporaries they often loomed large, each party in the alliance depended on the tacit support of the others. Though they might jostle among themselves for a short-term advantage, none dared threaten the long-term existence of the alliance itself.

Against the alliance were the economic interests of the Fijian commoners and the bulk of the Indian population. Among Fijians wealth was, and still is, concentrated in the hands of the chiefs, who are entitled to a large proportion of the income from rents — 30 per cent since World War II — and who can extract labour services from those under their authority. Though the commoners benefit from the distribution of the chiefs' wealth, in terms of its ownership the interests of the two parties differ. The support of Apolosi Nawai's short-lived Viti Company, founded during World War I with the aim of reducing European economic influence over the Fijians, highlighted the conflict of interest that has also existed between the commoners and European owners of capital.⁷ Interests have differed, too, between the Indians — whether as indentured labourers or smallfarmers — who have wanted

to secure a larger share of the proceeds from sugar, and plantation and mill owners whose concern has been to resist such demands. On to the contradictions between capital, chiefs and government on the one side, and commoners, Indian labourers and Indian smallfarmers on the other, have been superimposed ethnic, religious and personal differences. These have often bitterly divided the Indian community. Further, Indian smallfarmers frequently tend to feel that their interests are threatened more by Fijians, especially over land tenure, than by private capital, while commoners and chiefs have united to protect themselves against the Indians. Nevertheless, the basic economic contradictions still remain.

The principal links forged by Fiji with the international economy have been through the sugar industry. The small size of the country's domestic market means that sugar has had to be produced almost entirely for export. At first it was sold mainly to New Zealand and Australia, but by 1914 the volume going to Australia was relatively small, while Canada had become the second most important market after New Zealand. In the late 1920s Britain replaced New Zealand as the principal outlet, with Canada still in second place. This has remained the position since World War II, though significant quantities have also been shipped to New Zealand, Malaysia, Singapore and the United States. Apart from a brief period at the end of the last century, molasses, an important by-product of sugar milling, has been sold to Australia where it has been used in the manufacture of industrial alcohol. The volume of Fiji's exports are minute in terms of the world sugar trade, so that she has been unable to influence the price significantly. Demand in high income countries, to which most of Fiji's sugar is sold, tends to be relatively inelastic to changes in income, while the expansion of beet production in the nineteenth century and the more recent development of artificial sweeteners mean that substitutes for cane sugar have become readily available. This, together with Fiji's remoteness from the world's principal markets, limits the scope for increasing the price.

Produced largely for sale on domestic markets, the bulk of world sugar output — both beet and cane — does not enter international trade. Of the proportion which does, since the 1930s about half has been marketed under special arrangements and at prices which have diverged from the world free price.⁸ The latter is the price of that small percentage

of world sugar production which is sold on the international market at prices freely determined by supply and demand. Because this is essentially a residual market, prices have tended to fluctuate widely. High prices have encouraged new suppliers to enter the market, and this has a long-term depressive effect on price since the large amount of capital required for sugar production and the specificity of capital to the particular crop make supply comparatively unresponsive to a fall in price. When prices have dropped, governments have frequently subsidized industries which otherwise would have been uncompetitive. Up to 1939 Fiji sold sugar at prices related to the world free price, though she benefited from preferential tariffs on imperial sugar introduced by Canada before World War I and by Britain in 1919. During the 1940s all Fiji's crop was purchased by the British Ministry of Food at prices which were remunerative to the higher cost West Indian suppliers, but subsequently under the Commonwealth Sugar Agreement (1950-74) and the Lomé Convention which superseded it, only part of Fiji's crop (about 60 per cent) has been sold at prices unrelated to the world free price. Though these negotiated prices have generally been higher than the world price, they have been fixed mainly with consumer interests in mind and in the knowledge that very high prices would encourage the production of substitutes. The rest of Fiji's sugar has been sold mostly in preferential markets where the price has been based on the world free price plus the value of the tariff. Clearly, returns from sugar have depended very much on price movements beyond the country's control.

For Fiji to compete on the world market, sizeable quantities of capital have been required. Early entrepreneurs in the colony had to provide not only mills, plantation equipment and so on, but also infrastructure in the form of roads, tramlines, power supplies, etc. Since the late nineteenth century the world's chief exporters of sugar have generally favoured large, capital intensive mills in order to take advantage of technical innovations and economies of scale. Nowadays, except in a few countries like India, a mill with a capacity to produce 20,000 tons of raw sugar a season would be considered small. In simplest terms, a sugar mill breaks up cane stalks, squeezes out sweet juice and recovers the sucrose as crystals of raw sugar containing about 98 per cent sucrose. Though this can be done in very small and technically unsophisticated mills, the quality of sugar tends to be lower and returns on investment less than for sugar produced in larger mills. An efficient transport

system is particularly important for sugar production. Since cane begins to lose its sucrose content immediately after harvesting, it is essential that the crop be taken quickly from the field to the factory. This means that cane should be grown as close to the mill as possible. But in Fiji the topography of the land has caused sugar to be cultivated at greater distances from the mills than, say, in Queensland. This in turn has resulted in a larger expenditure per ton of sugar on transport than is usual in most sugar countries. On a per ton of sugar basis, Fiji's tramline system is reputed to be the most extensive in the world. With raw sugar requiring larger quantities of capital than other food industries, except perhaps tea, and in the absence of substantial savings within the economy, the capital to develop sugar production in Fiji has had to come from abroad.

The Fiji industry has also depended on a big labour force for, despite the introduction of tractors since World War II, the cultivation of cane in Fiji is labour intensive. The demand for labour peaks at certain times of the year according to the crop cycle. As soon as the weather is right, between February and April of each year, within a week or two the land is ploughed and the cane planted, the crop being reaped the following year. Harvesting lasts from June/July to December/January, and is performed by gangs of cutters working on a co-operative basis. After harvesting, the cane stools remain and from these grow new shoots, known as ratoons, which can be harvested the next season. Till the late 1950s it was usual for the same stool to produce ratoons for one or two years before being ploughed out, the land being fallowed till new plants were sowed. With the introduction of better varieties, however, 'multiple' ratooning became common, ratoons often being grown for eight years or more. This reduces the amount of labour needed for planting. At times of peak labour demand it is essential for the miller to ensure, where possible, the minimum competition for labour, in order to prevent the crop being neglected and wage increases pushing up the cost of cane. The larger the crop and the higher the sugar content of cane — factors partly dependent on good cultivation work and proper harvesting — the lower will be the unit costs of milling. Mechanization might have made it possible for the industry to develop on lines which would have greatly reduced the demand for labour; but in Fiji there was little incentive to do so. Because the supply of Fijian and Pacific Island labour was limited, Indians were made available under a system of

indenture which lasted till 1916. The labour shortage which followed the end of indenture was solved not by extensive mechanization but by encouraging Indian smallfarmers to grow cane. So it is that historically the industry has depended on overseas markets, overseas capital and, up to 1916, overseas labour.

The history of the industry can be divided into three phases. The first, the European planter phase, lasted from about 1870 to 1916. During this period the Colonial Sugar Refining Co. acquired its dominant position in the industry, building the Nausori, Rarawai, Labasa and Lautoka mills. Of the other mills in the colony, only two – at Penang and Navua – survived the fall in raw sugar prices in the 1880s and 1890s. Cane was grown either by European planters for sale to the mills or by the mill owners themselves. In the 1890s the Colonial Sugar Refining Co. began to lease its estates to overseers of the company, and after 1905 the process of leasing was accelerated, so that by 1916 the bulk of the company's cane was obtained from European planters. Estates were worked mostly by Indian indentured labourers, who after serving their indentures began to settle on the land, often as cane farmers. The second phase started in 1916, when the end of the indenture system put upward pressure on wage rates. In 1920 efforts by employers to prevent a sharp and permanent rise in wages resulted in a strike by labourers on the southeast of Viti Levu. The following year there was a strike by Indian cane growers on the west of the same island. The shortage of labour was solved by settling Indians on land formerly cultivated as estates, so that they would grow cane on plots averaging about ten acres each. By 1939 nearly all the cane was produced by smallfarmers, and the Colonial Sugar Refining Co. had become the sole miller in Fiji: it had purchased the Penang mill and the mill at Navua had closed in 1922. The third phase lasted from about 1940 to 1973. It was a period of intermittent conflict between growers and the company. There was a strike in 1943 followed by an inquiry into the industry by Professor C.Y. Shephard. Another strike occurred in 1960, after which there was a commission of inquiry headed by Sir Malcolm Trustam Eve. A third dispute in 1969 did not result in a strike, but the arbitrator, Lord Denning, found mostly in favour of the growers, with the result the company withdrew on the grounds that it could no longer operate profitably in Fiji.

A traditional account of the foregoing would stress the benefits to Fiji from the development of the sugar

industry, highlighting, for example, the gains from the supply of capital and skills, the earnings of foreign exchange and the general stimulus to economic activity provided by the industry. And it might attribute negative contributions to economic development to the Colonial Sugar Refining Co.'s monopsonic position in the economy, which enabled the company to keep down wages and the price of cane and so limit the spread effects of its activities. Following writers like P.T. Bauer and B.S. Yamey,⁹ the account might stress the need to attract further private investment so that, with other firms competing in the labour market, the effects of monopsony could be reduced. It might also emphasize the role of trade unions in raising wage levels. Finally, it might suggest ways — perhaps through government intervention — to increase the benefits of sugar production.

Experience has shown however, that gains from international trade to developing countries are less than was once supposed. A whole host of writers has tried to explain why.¹⁰ Among them are a number from the Commonwealth Caribbean, notably Lloyd Best and George Beckford.¹¹ Their analyses focus on the 'plantation economy', where the plantation form of production is dominant and is seen as a special case of export-led growth under expansive capitalism. Especially in the twentieth century, plantations have been characterized by the production of commodities for export, the use of a large unskilled labour force under as few skilled managers as possible, and by foreign ownership. Usually the latter is corporate, and with a relatively high degree of vertical integration. The operation of plantation companies is taken as the key variable influencing the political, social and economic history of plantation societies.

Beckford allows that companies make a substantial contribution to income growth through their development of social and overhead infrastructure, their expansion of production, their contribution to technology and their demonstration effect on peasants, many of whom turn to cash crops formerly produced on plantations alone. Yet he emphasizes that the very nature of plantation enterprise limits its development impact. Thus the vertical integration of plantations, mills, shipping and final processing enables one firm to make profits at every stage. Although in one way this increases a company's risks because capital is tied to a particular crop rather than spread over several commodities, in another way risks are reduced since the refiner, for example, no longer depends on other firms for the supply

or transport of raw sugar. One of the results of vertical integration is that forward and backward linkages are enclosed largely within the firm, so limiting their spread effects in the plantation economy. Much of the spread occurs in the metropole, where the bulk of the value is added to the final product. The size of investment in a particular crop imposes structural rigidities on the plantation society. Because of the large quantity of capital tied up in, say, sugar, it is difficult to switch to another more remunerative crop if a change in the market occurs. This capital specificity restricts the potential for structural change in less developed countries.

Beckford notes, too, that plantation enterprise is frequently associated with the under-utilization of land. The firm often holds for speculative purposes more land than it needs for its immediate use, so preventing the land being used for alternative crops. It may actively discourage the diversification of agriculture in order to minimize competition for labour. The need to keep down labour costs and so maximize profits is seen as a specially important characteristic of plantation companies, for whom labour is frequently the largest single item of cost. The dominant position in the labour market of one or several companies (usually the case in plantation economies) enables employers to keep wages below the level which might have prevailed had there been greater competition, though to an extent this has been counteracted by trade unions. The import of cheap labour in many instances has had a profound effect on the demographic composition of plantation societies. Usually there is tension between the descendants of immigrants and other ethnic groups, and this impedes economic development since the resultant instability (or prospect of instability) deters investment. The unequal distribution of wealth — low wages for labourers and high salaries for those from the metropole, limits the size of the domestic market for goods produced locally. Accustomed to overseas products, those on high incomes tend to import many of their supplies; while the market among those on low incomes is relatively small. Consequently, plantation economies become heavily dependent on imports and many have only recently begun to produce import substitutes.

To the leakage of earnings abroad through the purchase of imports must be added the repatriation of profits. Normally, for sound cost reasons, a firm will reinvest its profits in processing facilities in the metropole, or it

will invest in other less developed countries in order to reduce its dependence on one geographical area. Or else it will diversify into new products. Thus most of its profits are not available for investment in, and so stimulation of, the economy where they were earned. Finally, it is argued that gains from exports are limited because over long periods the terms of trade tend to move against primary producers. In the long run improved productivity may not benefit the producer, since technological advances are likely to be adopted by others, thereby increasing total supply which, all things being equal, will reduce the price. The demand for many commodities produced in developing countries is restricted by its inelasticity to income changes in high income countries. In these ways, then, Beckford claims that the development effect of plantation enterprise is limited. There is little that firms can do about this. To survive they have to act in an economically rational way — that is, they have to maximize profits — and this has the unavoidable result of reducing the benefits they can bring to less developed economies.

Now there are great dangers in transporting across the Pacific a model which, despite claims that it is widely applicable, was constructed with the Caribbean very much in mind. Some would argue that the existence of a large indigenous population mostly outside the scope of plantation enterprise distinguishes Fiji from Beckford's category of plantation economies. They would contest, too, the view that plantation enterprise has been the main — almost the sole — determinant of Fiji's social, political and economic development. In contrast others, pointing to the encroachment of commercial agriculture on Fijian land, to the use of Fijian labour by such enterprise, and to the penetration of the indigenous economy by merchant capital (a special form of plantation enterprise in Beckford's view), would argue that the indigenous population has been very greatly affected by plantation enterprise. Whether or not Beckford's model is applicable to the Fiji economy as a whole is beyond the scope of this study. What is undeniable, however, is that drawing as it does on the experience of the West Indian sugar islands, the model contains many insights of value in explaining the history of sugar production in other countries. Making use of these insights, this study will examine the history of the Fiji sugar industry, and conclude by assessing the industry's contribution to the country's economic development.

Chapter 2

The beginnings

The cotton boom

Plantation agriculture first flourished in Fiji during the cotton boom of the late 1860s. The American Civil War disrupted the world's main supply of cotton, so that the price rose and Fiji's output grew. Planters favoured the Sea Island variety which was used by French factories in the manufacture of certain classes of silk.¹ They settled initially in Lau, Taveuni, south Vanua Levu and the mouth of the Rewa river, and later further up the Rewa and along other major rivers in Viti Levu.² In districts scarcely touched by European settlement land could be bought cheaply, in exchange for goods of relatively small value to settlers, but as the number of Europeans increased from 400 in 1866 to 2,000 in 1870³ there was a rise in the value of land in settled areas.⁴ Though at first Fijians were employed, plantations were increasingly worked by labour imported from other Pacific islands and found to be more reliable, if more expensive.⁵ Capital was provided by 'beachcomber speculators'⁶ who self-financed many of their land purchases in the early 1860s, by those like the Ryder brothers who arrived with substantial means and could partly finance themselves,⁷ and above all by creditors like F. & W. Hennings who liberally financed the many Europeans with little or no wealth. The Hennings, in turn, were in debt till 1867 to J.C. Godeffroy & Son of Hamburg and Apia, and thereafter to the Sydney firm of Rabone, Feez & Co.⁸

The result was that a portion of the profits from cotton was remitted abroad as interest. Others also benefited — those engaged in the labour trade, for example, or those hired as overseers while their employers stayed in Levuka,⁹ the then commercial and social centre of Fiji. Most planters, too, relied on others to do their ginning for them and to transport their crops to one of the entrepôts in the group for export, via Sydney or Auckland, to Europe. The crop was handled many times in the process, each stage

yielding its profit, so that transport accounted for an estimated 16 per cent of its final value.¹⁰ So many were involved that it was difficult for individuals to make large profits quickly. A visitor to Fiji in 1872, Richard Philp, could find only two planters who had made a profit from cotton — Rupert Ryder of Mango island and Peckham of Taveuni.¹¹ Planters lived on credit and spent heavily on consumer imports, notably drink.¹² Thus there were few savings to provide an income for settlers and the means to develop alternative crops, should the boom cease.

And the boom did end, in 1870, when the Franco-Prussian war dislocated the French market for cotton and caused a fall in the London (sterling) price from 4s 4d a pound in 1869 to 1s 4d in late 1870.¹³ Planters, their land mortgaged, were unable to meet their debts, while their mortgagees, with debts secured, found their security incapable of earning the amounts owed. Though F. & W. Hennings had filed fourteen suits for the recovery of debts by October 1873, some of their debtors had already left Fiji,¹⁴ while others were expected to make the most of the lands in their possession.¹⁵ Few planters lived more than a hand-to-mouth existence. They pinned their hopes on new crops such as copra, sugar, coffee and cinchona, and to a lesser extent on livestock.¹⁶ Thus cotton monoculture gave way to diversified, experimental agriculture, and the appearance of wealth, for many, to the reality of poverty.

Among the new crops sugar was thought to offer the best prospect of commercial success. An attempt to produce sugar on Wakaya Island in 1862 had been a financial failure,¹⁷ and with the subsequent rise in cotton prices there had been little incentive to try again with a crop the capital costs of which were higher than that of cotton because machinery had to be provided to crush the cane. But after the slump in cotton prices many settlers turned to sugar. The offer by the Cakobau government in December 1871 of a £500 reward for 'the first and best crop'¹⁸ of twenty tons of sugar from canes planted before January 1873 may have been some inducement, though there is no record of anyone having won the prize. More important was evidence that cane could be grown very easily in Fiji, and without much expertise. It grew wild and was used by Fijians on their *bure* as thatch.¹⁹ At the end of 1872 the *Fiji Times* reported that 'large tracts of land are being put under cane', and 'a highly remunerative return may be expected from the industry'.²⁰ Six years later John Horne, the Director of the Botanical

Gardens in Mauritius, confirmed what settlers had already discovered — that good cane land could be found in almost all parts of the group.²¹ By the end of the decade it was hoped that sugar would become a major, if not the principal, export of Fiji.²² There was good reason for believing this might happen. Not only did cane grow well, but there was also an expanding market for sugar in Australia, where in 1878 the average *per capita* consumption of raw sugar ranged from 71.31 lb in South Australia to 92.13 lb in Queensland. The Australian average was the highest in the world, 16 lb a head greater than in England, the next highest. This was partly due to the custom of giving rations, which always included sugar, as part payment of wages.²³ Australia imported a significant portion of her sugar requirements, and continued to do so until World War I. There was also, of course, a growing market in New Zealand, which has traditionally imported sugar in preference to developing a domestic beet industry.

Planters hoped to sell sugar in these markets as well as in Fiji. Following a 'mania' of planting, as the *Fiji Times* described it,²⁴ by September 1874 there were reports of 597 acres of cane being grown on eighteen plantations on the Rewa.²⁵ As a major area of settlement the Rewa remained a centre of cane cultivation in following years, though cane was also grown in Navua, Sigatoka, Tavua and Ra in Viti Levu, in Savu Savu and Taveuni as well as in other parts of the group.²⁶ The great problem for planters was to find mills to crush their cane. In December 1874 a mill capable of crushing seven tons of sugar a week, working ten hours a day, was for sale at £2,000, excluding the cost of transporting it to Fiji.²⁷ Two and a half years later a mill of ten to twelve tons capacity would have cost £14,000.²⁸ Settlers lacked the capital to erect either a few large mills or plenty of smaller ones. Nor, with their lands mortgaged, did they have the security on which to obtain loans. The result was a shortage of crushing capacity throughout the 1870s. It is impossible to list accurately the number of mills in operation and their size, as some were too small ever to be recorded. The *Fiji Times* mentions a mill being opened in Suva by Brewer and Joske in 1872, and this was probably the first to be built in the 1870s. By the end of 1874 there were at least three in operation, a year later six, and by the end of 1878 perhaps ten.²⁹ Several, like the one at Suva, crushed for only a couple of years or fewer. All were tiny — planters could afford no more. One of the larger mills, built by D. Waterson in 1878 on his Koroqaqa

plantation by the Rewa, had a capacity of only twelve to fifteen tons of sugar per week.³⁰ Their small capacity meant that mills had to crush all the year round, so that some cane had to be cut when its density of juice, and hence yields of sugar, were at their lowest. Moreover,

When cut in March, or April, the ratoon canes are made to grow in cold dry weather, when they will grow least, and to ripen during the hot moist weather of December, January, February and March, when they will naturally grow most and ripen least.³¹

Far worse was that many planters could not get their cane crushed at all. In November 1878 the *Fiji Times* lamented the hundreds of acres going to waste on the Rewa because existing mills could crush only half the cane grown.³²

This situation, combined with the failure of other commercial crops to produce quick prosperity, encouraged mounting criticism of Sir Arthur Gordon, the first substantive governor of Fiji after the islands were ceded to Britain in September 1874. Planters had hoped that Cession would herald a government which, unlike its predecessors in Fiji, would champion their interests if need be against those of the Fijians.³³ But within a short time settlers had become convinced that Gordon was more interested in native welfare than in the economic development of the colony. Alec Ivimey, a Melbourne journalist who visited Fiji in the early 1880s when criticism of Gordon reached its peak (though he had left the colony by then), suggested that Gordon had been positively hostile to the influx of Australian capital.³⁴ Nothing, in fact, could have been further from the truth.

Efforts to attract private investment

The first priority of the new government was to maintain law and order; the islands had been ceded to Britain because of the threat to order posed by the early settlers. To establish its legitimacy with the small force of arms immediately available, government needed to rule with the consent of the Fijian chiefs. As Gordon pointed out,

... the question how a large native population should be governed by a handful of white aliens — a question often raised, but seldom satisfactorily answered — had once more to be dealt with.

Fortunately, on this occasion, policy, and indeed necessity, pointed in the same direction as right and justice.³⁵

The result was Gordon's now famous native policy, the essentials of which are well known — so-called 'indirect rule' through Fijian chiefs,³⁶ the entrenchment of native rights to the land, the protection of Fijians against exploitative labour recruiters, and the promotion of indigenous cash cropping through a system of native tax payments in kind. The policy could be — and was — justified in moral terms, but it also helped solve the problem of political control in the colony.³⁷ Thereby it created the stability that was a prerequisite for overseas investment. This was well understood by Gordon, who in 1879 exaggerated to planters the fears of potential English investors that capital might be lost in Fiji because of racial conflict.³⁸ Two years earlier John Thurston, who was closely involved in the implementation of the native policy, had attributed the lack of commercial development between 1871 and 1874 to political unrest before Cession.³⁹

Along with reconciling Fijians to British rule the attraction of new capital was a major object of government policy. In 1874 Thurston was accused in the *Fiji Times* of believing 'that Fiji can't go a-head till the present settlers clear out, and the rich sugar men come from the colonies'.⁴⁰ Soon after his arrival Gordon expressed a similar view:

It will require a new set of men to come in before there is any real prosperity in the colony. Most of the present holders of land will sell, and as is usual in all new settlements, the first-comers will be ruined and go to the wall.⁴¹

He repeated this a year later.⁴² In the short term, however, by helping to restore prosperity, overseas investment could be expected to reduce European opposition to government. This was of some importance. Several officials at the Colonial Office were inclined to disagree with Gordon's emphasis on protecting native interests; they sympathized more with planters who, for their part, resented restrictions placed on their recruitment of native labour and found their trade with Fijians disrupted by the sale of native tax produce through government.⁴³ Since it would have shown that the native policy was not incompatible with economic

development, the attraction of large-scale investment would have helped Gordon to overcome opposition in London. The decision in 1880 of the Colonial Sugar Refining Co. to invest in Fiji was seen by Thurston as an excellent answer to those who criticized the colony.⁴⁴

In particular, to make such aspects of his native policy as the tax scheme palatable to the business community, Gordon wanted the support of the first unofficial members of the Legislative Council — Gustave Hennings, Rupert Ryder and J.C. Smith.⁴⁵ Their support would have been valuable in later years as well, following the growth of European opposition as hopes of early prosperity after Cession fell. Though Gordon and Thurston claimed to be unmoved by the opposition, it would have been difficult to ignore it. Officials were in daily contact with settlers. At one stage Thurston himself had been in debt to Smith,⁴⁶ and the plight of leading planters was well known. The Hennings brothers, owed large sums, were in debt to over £50,000 and had gone into liquidation in March 1874. Smith had been more discriminate in his advances, but in 1872 he was owed at least £12,000, much of which, presumably, was still outstanding a few years later.⁴⁷ A return to prosperity caused by an inflow of capital would benefit these and other planters in the colony. Government might also have wanted overseas investment in the hope that support would be more forthcoming from a few large companies, which had invested when the administration's objectives had become clear, than from the numerous planters who saw the native policy as the antithesis of all that they had hoped for from British rule. More experienced businessmen might identify their interests with the native policy, since it provided a means of preserving law and order.

Apart from these political factors, there was also a pressing financial consideration. The administration had to balance its budget, for Britain was not prepared to subsidize her new colony for long. Fiji had been given a grant-in-aid of only £100,000, to be repaid as soon as possible.⁴⁸ Gordon was frequently reminded of the need for economy, and with this in mind he did not draw his full salary of £5,000 a year until 1877.⁴⁹ Yet, despite efforts to economize, the budget was in deficit throughout his administration and for a number of years thereafter.⁵⁰ One way to solve the problem was to increase revenue by expanding trade. 'One or two good investments here', Thurston told Gordon in 1878, 'would soon make an appreciable alteration in our customs receipts.'⁵¹ This was especially

desirable if government was to meet the cost of certain welfare measures involved in its native policy. By September 1876 Gordon had forbidden the sale of 'ardent spirits' to Fijians, with consequent loss of revenue, and had imposed a strict observation of quarantine regulations, entailing an increase in government expenditure.⁵² True, the burden of this was eased by the taxation of Fijians, who were required to pay tax in kind by growing crops which government could sell. Thurston, who saw this as a way slowly to promote commercial agriculture among Fijians for their own benefit as well as government's, wanted to encourage them to grow cane as a tax crop. Yet he knew that this would depend on sugar mills large enough to crush the cane, and wanted to attract overseas capital for this purpose.⁵³

For these reasons, government implemented policies which were designed to encourage large-scale investment. In a speech to settlers after his arrival in 1875, Gordon said:

Now, as to capital, it is clear that will not be invested in the colony until there is good security for its investment, that is to say, until the land titles are settled, and a steady supply of labour provided for.⁵⁴

Under the Deed of Cession, settlers who had acquired land before September 1874 had to prove the bona fide nature of their claims. A commission was appointed to examine the claims, the Governor-in-Council issuing certificates of title based on its reports.⁵⁵ Gordon gave the matter high priority, noting in the context of his proposal to give financial aid to planters who imported Pacific island labour in 1877 that 'No money can be raised from them until they have received their land titles.'⁵⁶ Thurston remarked in the same year that, without these titles, settlers could not meet their debts by selling their partly improved lands for a profit.⁵⁷ There could be no overseas investment till land claims had been resolved. So, despite all the problems involved in handling the land question, the majority of European claims were decided by the time Gordon left Fiji for New Zealand in 1880.⁵⁸

It was, however, politically impossible for government to grant all the settlers' claims, which totalled around 854,000 acres — about a fifth of the colony's area and a large part of its most fertile land.⁵⁹ After only a short time in Fiji, Gordon had no doubt that 'the association of

the enforcement of these claims with the establishment of British rule would preclude all hope of conciliating or benefiting the native race'.⁶⁰ A similar consideration, arising from the attachment of Fijians to the land, was one of the factors behind Ordinances 6 of 1875 and 21 of 1880 which prohibited the sale of native land and, in the 1880 ordinance, set a maximum term of twenty-five years for leases of Fijian land.⁶¹ Yet Gordon was determined that his land policy should not prevent the inflow of new capital, and that sufficient freehold land for plantation agriculture should be left in the colony so that the short terms of native leases would not deter investors. Having been asked by Gordon to explain the nature of customary land tenure in Fiji, the Council of Chiefs declared in 1879 that by tradition land had been inalienable. A strict application of this view would have meant that all land purchased by Europeans before Cession had been obtained illegally.⁶² This was so contrary to the interests of planters and of overseas investors who in future might want to buy land in Fiji — as well as to the practice of the chiefs — that the chiefs' statement was ignored by the Land Claims Commission and by the Governor-in-Council when issuing land titles. Of the 1,683 claims, 517 were granted as claimed. Of the rest not proved to have been bona fide, 390 were granted *ex gratia* either wholly or in part⁶³ — so providing enough freehold land for the initial development of European plantations. Despite settlers' complaints about Gordon's land policy, about half the total area claimed — most of it lying idle⁶⁴ — was granted to them. Furthermore, when in 1879-80 Thurston agreed terms with overseas companies that would entice them to Fiji, he arranged to sell 500 acres to Stanlake Lee & Co. Ltd⁶⁵ and 1,000 acres to the Colonial Sugar Refining Co.⁶⁶ These sales violated the policy of making native land inalienable; their approval by Gordon perhaps reflected a sympathy for big business, which enabled him at the turn of the century to press for the large-scale alienation of land in the Solomon Islands for the benefit of the Pacific Islands Co., and to advance the interests of the Pacific Phosphate Co. against those of the inhabitants of Ocean Island.⁶⁷

Beside the availability of land, Gordon knew that a regular supply of cheap labour was essential for the development of plantation agriculture. The wages offered by settlers were not normally enough to attract Fijians into paid labour for long periods, particularly after the 1875 measles epidemic which reduced the size of the Fijian population by one-fifth or more.⁶⁸ In 1876, £2 10s 0d a year was paid to

Fijian men in Taveuni, but as A.P. Maudslay, Acting Colonial Secretary at the time, wrote:

Any Fijian industriously disposed, might, without abandoning his family, his home, his garden, and his district, obtain far more than this by raising produce on his own account. So long, therefore, as this low rate of remuneration is maintained, his Excellency cannot share the sanguine anticipation of those who expect large numbers of the population voluntarily to engage in plantation labour.⁶⁹

The alternative — of obtaining a large supply of Fijian labour against its will and in the face of opposition from the chiefs⁷⁰ — would have required a degree of compulsion that the colony's meagre financial resources would have found hard to support. So, instead of meeting settler demands that a plentiful supply of Fijian labour be made available, government enacted Ordinances 15 of 1876 and 10 of 1877, which were designed to regulate labour recruiting and prevent an enforced mass exodus from native villages. As a result, planters had to rely mainly on labour from overseas. The import of (misnamed) 'Polynesian' labour from other Pacific islands had started in the 1860s,⁷¹ but from the mid-1870s it was becoming clear to more perceptive observers, like Thurston,⁷² that the future of this supply was uncertain. The end of the cotton boom had left settlers unable to match the increase in wages and the improvement in conditions which occurred in Queensland during the 1870s. By the early 1880s wages in Queensland were almost double those in Fiji,⁷³ making the former far more attractive to islanders. The time was coming when Fiji would no longer be able to meet her labour requirements from within the Pacific.

Drawing on his experience in Trinidad and Mauritius, in 1875 Gordon proposed that Indians be imported under five-year indentures. He estimated the total cost to the planter of wages, transport, etc. at around £14 per head per year.⁷⁴ A number of settlers, like Rupert Ryder,⁷⁵ initially favoured the idea, but most Europeans eventually opposed it.⁷⁶ This was not surprising since E.L. Layard had estimated in 1874 that the annual cost of 'Polynesians' was £7 a head.⁷⁷ Settlers were understandably appalled by the prospect of a 100 per cent increase in their immediate labour costs, even though Indians were likely to be cheaper in the long run, especially since they would remain in the colony for ten years whereas 'Polynesians' usually stayed

for only three. Trying to stave off bankruptcy in the present, planters had little inclination to plan for a labour supply in the future. Yet it was the future of large-scale investment that concerned Gordon, and accordingly he arranged for Indian labour to be imported from 1879 onwards. Labourers were to be indentured for five years and to have the right of a free return passage to India after ten. Employers were to pay two-thirds of the cost of the passage to and from Fiji, and government one-third. Wages were to be one shilling a day and five and a half days were to be worked.⁷⁸ By 1916, when the system came to an end, 60,553 immigrants had been imported under indenture.⁷⁹

Conditions were appalling — they have been aptly described as 'A new system of slavery'⁸⁰ — yet they did not provoke massive slave revolts. Indians were divided by deep-seated religious, language and cultural differences which overseers could exploit for their own purposes,⁸¹ while the hierarchical nature of the society they had left inclined immigrants to a relatively passive acceptance of their new world. Protest took the form of suicide rather than revolt.⁸² Further, for many labourers plantation life may have been rather better than the circumstances they had known in India. Provisional findings of new research suggest that indentured labourers were drawn primarily from landless classes living in the vicinity of towns and mostly unemployed; they were likely to have been on the verge of starvation. For those lucky enough to find work, wages seem to have been even lower than they were in Fiji.⁸³ Consequently, hard though it is to believe, for many Indians migration led to an improvement in their economic position — a reprieve from hell in favour of purgatory. And they used the time on plantations to look forward to a heaven beyond, when after serving their terms and after earning higher wages as free labourers, they could return to India more wealthy than when they had left.⁸⁴ It is unlikely that capital would have been attracted to Fiji without this assured supply of apparently docile labour, especially since Gordon's belief that islanders would not meet plantation needs for long proved correct.⁸⁵ By 1885 the number of 'Polynesians' imported had fallen, those leaving Fiji exceeding newcomers by almost 400 per cent.⁸⁶ Because of their lower mortality rate (which was nevertheless high) and the growing difficulty in obtaining 'Polynesians', Indians were preferred to islanders by sugar companies which by then had begun to invest in Fiji.⁸⁷

Government — in particular Thurston — had made a special effort to attract these companies. Thurston had

been in contact with the Colonial Sugar Refining Co., known as the CSR, in 1874 when its directors had considered building a central mill in Fiji to be supplied with cane by outside contractors.⁸⁸ No details of the discussions have survived, but evidently CSR was not impressed by conditions there for instead it erected a mill at Harwood, in north New South Wales.⁸⁹ It was several years before CSR once more took an interest in Fiji, by which time the political environment was more favourable. Meanwhile, Thurston had again tried to persuade sugar companies to invest in the colony. In 1877 he proposed that government raise a £100,000 loan, of which £3,600 would be used to guarantee for three years a 3 per cent return on £40,000 privately invested in two central mills. The project was 'to start, in fact, sugar making upon such a scale and in such a manner that settlers may benefit by it'. But the Colonial Office opposed the loan, mainly on the grounds that Fiji could not afford to service it.⁹⁰

Despite this, by the end of the following year there had been a significant increase in the number of investors interested in the colony. Among them were Edwardes and Hoerder, Dr C.B. Chalmers, the CSR and Spence Bros, all of whom were thinking of building central mills to crush cane supplied largely by Fijians and European planters. But, Thurston told Gordon,

they all stand out for conditions — viz. Government to guarantee so many tons of cane per annum; contract to last for five or ten years; Government to 'assist' in finding 'labour' for the mill; Government to find fuel! or to assist in finding fuel; the 'miller and his men' to be placed beyond the limits of native jurisdiction; no Roko or Buli to interfere with any man wanting to work at the mill, etc., etc.; and above all, Government to *give* a block of land as an 'inducement'!!⁹¹

These were almost impossible demands to meet. Government could not guarantee a supply of cane, since this would have required either a degree of control over cultivation that government, with its limited resources, could not possibly exercise, or a financial guarantee that government was in no position to make. Nor could government breach with equanimity its native policy by placing outside native jurisdiction Fijians employed, or wishing to be employed, in the mill, since this would have aroused opposition from

the chiefs. Nor would its limited financial resources have made it easy for government to help in finding labour and fuel, or to purchase land as a gift to the miller. Together with his moral commitment to the native policy, such practical considerations limited the concessions Thurston was able to make. Moreover, his negotiating position was strengthened by the number of people — coffee planters from Ceylon as well as sugar interests — who in 1878-79 were thinking of investing in Fiji.⁹² Perhaps there would be no great need to make concessions.

On the other hand, government could not adopt too rigid an attitude in talks with potential sugar millers. In 1878 Rabone, Feez and Co. had taken over nearly all the land owned by F. & W. Hennings in settlement of the latter's debts. The company was now the largest landowner (or claimant) in the colony and its agent, Carl Sahl, was eager 'to go in heavily' for sugar.⁹³ J.C. Smith, another major landholder as well as creditor, had for some time wanted to see profitable mills set up in the colony. He, himself, had experimented with one in 1874-76⁹⁴ and it was probably he, along with Sahl, who in 1878 asked CSR to build a mill on the Rewa.⁹⁵ Faced with growing European opposition to its native policy, and not yet having balanced its budget, government could hardly ignore an opportunity to revive the fortunes of plantation agriculture. So Thurston was prepared to offer concessions even if they contravened the native policy, but was determined to keep them to a minimum. He found that in some cases incentives were not even necessary. With his brother Nathaniel, Dr Chalmers built a mill at Penang in 1880⁹⁶ without, apparently, having obtained any inducement from government. In other cases, minimal concessions were not enough to persuade investors to risk their capital in Fiji. Edwardes and Hoerder built no mills in the colony. CSR sent an officer, James Murray, to the islands but, finding that planters demanded a higher price for their cane than the company was willing to pay, refused to invest on the terms offered in 1879.⁹⁷ Government held more fruitful discussions with Spence Bros, a Melbourne company which, through the Rewa Plantation Co. Ltd, had operated a mill in Fiji since 1875. Spence Bros agreed to build a second mill on the Rewa costing £20,000 to £25,000, to buy all the cane grown by Fijians on 500 acres at the current price or at a price to be negotiated annually, and to crush native cane whenever it was delivered, if necessary before cane grown by Europeans. Government's sole concession was an offer to sell the company 400 to 500 acres of land

at £3 an acre. It gave no guarantee on a supply of cane and it offered no help in matters like the employment of Fijian labour. The terms were hardly generous to Spence Bros who within a few months pulled out of the deal so as to invest in Queensland, where government inducements seemed greater. Its agreement with the Fiji government was taken over in November 1879 by the Bristol firm, Stanlake Lee and Co., which promised that the mill would have a capacity of at least five — perhaps even ten — tons of raw sugar a day.⁹⁸

Since a mill of that size, giving priority to Fijian supplies, could not have crushed all the cane Europeans wanted to grow on the Rewa, planters were persuaded to accept a lower price for cane than they had first demanded.⁹⁹ They then asked CSR to reconsider its decision not to invest in Fiji. Sahl and Smith also promised to grow 500 acres of cane each for ten years, to ensure for the company an adequate supply.¹ Their approach was supported by Thurston, who was in Sydney in early 1880 and was prepared to negotiate slightly greater concessions than the year before. No doubt his more flexible attitude owed something to the belief that the recent outbreak of coffee leaf disease had deprived planters and Fijians of an opportunity to grow an alternative crop to cane. It certainly owed much to the failure of government to find employment for the first Indians brought to the colony — in 1879 — and whose transport and maintenance costs seemed likely to fall on the public purse.² Consequently, an agreement was reached with CSR in 1880. Government promised to sell the company one thousand acres of land on the Rewa at £2 an acre (instead of five hundred acres at £3 to Stanlake Lee and Co.), and to reserve another one thousand acres in Savu Savu Bay till 31 December 1882, by which date CSR was to have decided if it wished to erect a mill in the vicinity of the land reserved for it. Unlike Stanlake Lee and Co., no obligation was placed on CSR with regard to native cane. The only commitment made by the company was to have built on the Rewa, by the start of the 1882 crushing season, a mill capable of producing 500 tons of sugar a month. In return for Thurston's help in persuading CSR to invest in the district, Sahl and Smith promised to employ 200 Indians still held by government.³ Later, at the turn of the century when CSR was thinking of extending its operations in Fiji, government was again to offer the company incentives. The decision to build a mill at Lautoka, in western Viti Levu, followed a strong official indication, designed to allay CSR fears on the matter, that export duties on sugar were

unlikely to be levied in the foreseeable future. The company was also permitted to import for the mill, across a wharf to be erected at Lautoka, supplies which would be exempt from government wharfage duties — a concession which from 1901 to 1912 saved the company £26,493 3s 5d.⁴ What characterized the negotiation of this arrangement, as also discussions prior to the construction of a mill at Nausori, was that neither side was able to dictate terms. The agreements were the result of compromise by both parties — compromises made possible by the identity of interest between company and government. The latter needed CSR to boost the revenue of, and promote economic development in, the colony: CSR wanted government assistance to help ensure that its investments would be profitable.

Beside incentives offered by government — in its general policy which created conditions reasonably favourable to fairly large companies, as well as in the particular concessions negotiated by officials — there was a second inducement for CSR to invest in Fiji, and that was the absence of successful alternative plantation crops in areas suited to cane. Since the early 1870s planters had experimented with various forms of agricultural activity. Along the south coast of Vanua Levu, in Taveuni and in some of the outer islands copra was produced. But down the Rewa and around the coast of Viti Levu no crop had acquired a dominant position by the early 1880s.⁵ This was partly because little encouragement was given to those who tried meat, poultry or dairy farming, which some contemporaries believed could be developed profitably in Fiji.⁶ Importers and financiers like the Hennings, who were connected with Australian merchants through their indebtedness to Rabone, Feez and Co., naturally had no desire to help their mortgagors supply produce which might compete with imports from Australia. Efforts by government to attract overseas investment were directed toward export crops which the location of Fiji made extremely difficult to develop. There were better opportunities for investment in the nearby Australian colonies where land could be obtained more easily. Australian merchants with access to significant supplies of capital normally had no experience in cultivating the tropical crops that were thought to grow well in Fiji — coffee, cocoa, tea and others. Fiji's appeal to investors in Britain was limited because the colony was almost unknown and was a long way from the principal commodity markets.⁷ Crops like tea, which were thought suited to Fiji,⁸ were already grown in more established areas closer to Europe. There was little incentive to risk capital in the new colony.

Coffee was an exception; with sugar it was thought in the 1870s to offer the best prospect of commercial success. The leaf rust disease, *Hemileia Vastatrix*, destroyed in the 1870s much of the coffee grown in Ceylon, so that several planters turned to Fiji in the hope that coffee could be grown more successfully there. The attitude of these planters to Fijians aroused government fears that an influx of settlers from Ceylon would damage race relations in the colony. 'These Ceylon people are terrible among Fijians and would cause much trouble', W.S. Carew, the Stipendiary Magistrate on the Rewa, told Gordon in 1878.⁹ It seems that as a result coffee planters were offered no special inducements by government. Then, in 1879, the same leaf disease that had destroyed much of the crop in Ceylon affected coffee in Fiji, thereby deterring investors who were thinking of coming to the colony.¹⁰ But the disease was only partly to blame for the failure of experiments with coffee. W.J. Thiselton Dyer, Director of Kew Gardens, told the Colonial Office in December 1879 that planters should grapple with the disease and learn to grow coffee profitably despite it.¹¹ An Attorney-General in Fiji from a planter family in the West Indies, H.S. Berkeley, argued in 1886 that coffee had never been given a fair trial in the colony as it had usually been grown at too low an altitude. He urged planters to experiment with Liberian coffee, which was grown successfully elsewhere.¹² Had planters heeded this advice, they might have discovered what eventually became known in Java — that Arabica coffee could be grown despite leaf disease at higher altitudes, and that certain robusta and Liberian species were resistant to the disease.¹³ But there was little incentive for planters to persist with coffee. There was a steady fall in the world (sterling) price from 65s 0d per cwt in 1877-78 to 39s 0d in 1881-82;2; whereas up to 1884 the price of sugar exports from Fiji remained firm.¹⁴ Cane was a more attractive crop, and in the early 1880s coffee planters like W.F. Parr turned to it when an opportunity arose.

The possibility that CSR would face competition not from alternative crops but from the small mills already established in the colony was not one that worried the company. 'I do not think there is anything to be feared from them', E.W. Knox wrote in 1880.¹⁵ Some mills were situated far from where CSR planned to invest: others, with one or two exceptions on the Rewa, were so small that they posed no danger. Nearly all had been closed by 1900. The lack of serious competition from large sugar mills

and from other plantation crops encouraged CSR to build a mill at Nausori. With no other source of income comparable to cane, planters had little choice but to sell their crops to the company, not for the price they wanted but for one that was more acceptable to CSR. The company needed this supply to help it economize on the capital cost of preparing mostly uncleared land for cane. In 1883 CSR decided to build a second mill — the Rarawai mill at Ba in western Viti Levu. The decision was influenced by the availability of substantial areas of freehold land which, for the most part lying idle, could be bought relatively cheaply. The lack of alternative wage employment for Fijians in the district was also important, as it enabled CSR to rely on casual Fijian workers till it had obtained an adequate supply of Indians.¹⁶ It is most unlikely that CSR would have opened Rarawai if planters growing other crops, or supplying cane at other mills, had been vigorously competing for land and labour in the area. The same probably applied to the decision in 1891 to build a mill at Labasa on Vanua Levu, and to the construction of a mill at Lautoka about ten years later. The attraction of Fiji to CSR, then, lay partly in the absence of intense competition for scarce factors of production.

The importance of Fiji to CSR

Apart from this, the extension of CSR's operations to, and then within Fiji was an outcome of the company's need to consolidate its position in Australasia. CSR had been established in 1855 by Edward Knox, the son of a Scotsman, George Knox, who had been a merchant in the seaport of Elsinor, Denmark. Drawn toward the commercial world, like his father, Edward had first worked as a junior clerk in his uncle's merchant house, the London firm of Perkins, Schlüsser and Mullens which traded in the Baltic. However, not being satisfied 'with being a junior clerk for the present' and wanting 'to jump from junior clerk to partner' almost straight away, the young Edward had quarrelled with his uncle, had been dismissed and had subsequently left for Australia. He arrived at Port Jackson in 1840 aged 20, and over the next fifteen years acquired both a high reputation among Sydney merchants and a considerable personal fortune which in 1855 he invested, as founder, in the Colonial Sugar Refining Co. He and his son, Edward William, who became general manager in 1880 and remained in that position for forty years, devoted their lives to the company.¹⁷ They were austere, single-minded men, apparently

lacking in humour and having few outside interests — except yachting, a rich man's sport in which Edward William indulged.¹⁸ They demanded of their subordinates hard work, honesty and, above all, dedication to the company. Loyalty, indeed, has been a distinctive feature of CSR Ltd. Even now, there are many on the staff whose fathers and grand-fathers worked for the company. Family connections have bred a remarkable *esprit de corps* which has helped the company achieve its objectives. From the sense of loyalty has come, till recently, a great emphasis on experience. The length of time in the company's service used to be a prime qualification for advancement, producing mill managers who, though competent in technical matters, were seen by others in Fiji as unimaginative and conservative in general outlook. When it withdrew from Fiji in 1973, one of the legacies of CSR was the continued stress on experience by many in, or those connected with the sugar industry, making change and adaptation to new circumstances more difficult to achieve.¹⁹

Edward Knox had originally built refineries, the first in Sydney followed two years later, in 1857, by a second in Melbourne controlled by the Victoria Sugar Co. From 1875 to 1883 these were replaced by two larger ones, to which was added a third in Auckland, run by the New Zealand Sugar Co. In 1887 all three companies were amalgamated into a limited liability company, the Colonial Sugar Refining Co. Ltd. It was intended that this new company should be distinctly Australian in ownership. Since CSR depended on protective tariffs to maintain — and increase — its sales of refined sugar in the Australian colonies the Board feared that, if the company was foreign owned, there would be demands for the removal of the duties on the ground that they benefited capitalists abroad. Consequently, the Board tried to increase the number of shareholders in Australasia and discourage the sale of shares to people elsewhere.²⁰ The tariffs remained, enabling this basically Australian company to consolidate its business in the 1890s and open two more refineries in Adelaide and Brisbane.

As well as increasing its refining capacity, CSR began to produce raw sugar. In 1869 it built in north New South Wales three large mills which made substantial profits.²¹ Ten years later the question arose of whether CSR should increase the number of mills it had in New South Wales or move into Queensland and Fiji. E.W. Knox wrote in 1879, the year before he became general manager of CSR:

Personally I should wish our operations could be restricted to New South Wales, but as sugar will be produced in Fiji sooner or later which will come into competition with ours, it is a question whether it will not be better for us to take a share in the development of the industry and in the profits.²²

The same could have been written of Queensland.²³ Possibly the expectation of large profits was the main reason CSR had originally diversified into milling. Yet also important, perhaps, were the big fluctuations in the price of raw sugar — fluctuations that were considerably larger than in the price of refined sugar. This meant that annual profits from refining were liable to vary substantially. Were CSR to be involved in milling, then should the price of raw sugar rise, so increasing input prices at the refinery, the smaller returns from refining could be offset by higher profits at the mill — or vice versa. Thus the company's annual profits overall would fluctuate less widely. The advantage of reducing risks in this way could be set against the disadvantage of becoming more dependent on a single commodity than if CSR had moved into a field unrelated to sugar.

There was also the danger that if raw sugar was profitable in Queensland and Fiji, successful millers might invest in the refining trade to even out fluctuations in their profits. Already CSR had to contend with imports of refined sugar, but was at an advantage because its transport costs were lower and because there were protective tariffs in New South Wales, Queensland and Victoria. If it allowed several Australian refineries to enter the market, it was likely that competitive price reductions would follow and that these would erode the company's cost advantage against overseas supplies. To avoid this, it would help if CSR established mills in Queensland and Fiji, especially since, as Knox suspected of Fiji, cane could be grown more cheaply there than it could in New South Wales. If the company obtained a commanding position in the Queensland and Fiji industries, say by erecting mills on the most favourable sites and meeting the bulk of Australian demand for raw sugar, it would be harder for others to enter the business and later to diversify into refining. Moreover, profits from milling could be invested in refineries, thereby helping CSR to dominate the market for refined sugar; its dominant position could be used to defeat potential Australian competitors. So it is likely that CSR's interest in Fiji was motivated by

more than just the desire to make profits from milling: the production of raw sugar would reduce the potential variability of its profits, and would help to strengthen its refining business in Australia and New Zealand.

The decision of CSR to invest in Fiji was decisive for the development of the sugar industry in the colony, for the company's mills proved far more competitive than others which had been, or would be, established. Few mills survived the world-wide fall in raw sugar prices during the mid-1880s and mid-1890s, caused largely by competition from European beet supplies. Yet, as Table 2.1 shows, there was no close correlation between actual changes in price levels and the collapse of sugar mills. Of the fifteen mills that were shut down from 1880 to 1897, only five were closed within three years of a decline in price. Nevertheless, lower prices were important because they made it more difficult for less efficient mills to compete. They accentuated, for example, entrepreneurial shortcomings which were an important reason for failure. Wilson and Murchie, who were originally timber merchants and built a mill at Deuba in 1883,²⁴ were typical of many millers in not having had much, if any, previous experience in making sugar. This inexperience was evident in the frequent location of mills in the wetter parts of Fiji which, by hindering the ripening of cane, reduced its sugar content. The ability of mills to survive the combined disadvantage of climate and lower prices was limited by the nature of their ownership. They were controlled either by proprietors whose financial resources were very small, or by larger firms (usually financial institutions) for whom sugar was only a small part of their total portfolio. Smaller concerns had not the funds to increase milling capacity, while larger companies with diversified interests did not concentrate resources on their sugar investments. The result was that mills were denied the economic benefits, especially in the development of expertise, of large-scale investment in sugar. Several had to close in the mid-1890s when the economic depression in Australia and New Zealand cut off their sources of finance. The Taveuni Sugar Co., for example, was taken over by the Bank of New Zealand Estates Co. Ltd which closed the mill in 1896, and itself went into liquidation the same year.²⁵

In contrast were the greater financial resources of CSR. Ever since it had been nearly ruined by paying a 50 per cent dividend in 1856 that had left almost no reserves with which to weather a crisis that befell the company in

Table 2.1

Mills known to have opened and closed in Fiji, 1873-1903

Year	Price of raw sugar (£ per ton)	Mills opened (no.)	Mills closed (no.)
1873		1	
1874		3	2
1875	34	3	1
1876	39	1	2
1877	34		
1878	34	2	
1879	34		
1880	40		1
1881	34	2	
1882	34	1	2
1883	34	2	1
1884	25	3	
1885	20	4	2
1886	16	2	1
1887	16		
1888	16		
1889	20		
1890	16		
1891	16		1
1892	16		
1893	16		
1894	16	1	3
1895	9		2
1896	12		
1897	12		2
1898	12		
1899	12		
1900	12		
1901	12		
1902	10		
1903	9	1	

Source: J.C. Potts, 'The Sugar Industry in Fiji: Its Beginnings and Development', *Transactions and Proceedings of the Fiji Society*, 7 (1958-59), 104-30.

Notes

1. Five mills have been excluded because of insufficient data regarding the start and closure of their operations.
2. Includes only those mills that actually operated. One or two were built but never used.
3. Where a mill is moved from one location to another, it is treated as having been closed and then opened as a new mill.
4. Where the information is that a mill was closed after a particular year's crushing season, the following year has been given as date of closure.

the following year, CSR had adopted a conservative policy in financial management.²⁶ It had given priority to a speedy repayment of funds borrowed to overcome the crisis of the late 1850s and, preferring to accumulate reserves out of which future investments could be made, it never again paid dividends remotely comparable to those of 1856. Yet the mills and refineries built in the early 1880s could not be completely self-financed and loans were again made, leading to renewed emphasis at the end of the decade on keeping dividends low so that debentures could be quickly repaid. In 1891 the company had accumulated the equivalent of two years' dividends as surplus profit.²⁷ The result of this cautious approach was that CSR was in a better position than many companies not only to survive the depression of the 1890s but to further increase its investments in Fiji. It had the capital to reduce unit costs by building larger mills than others in the colony — the Lautoka mill was reputed to be the largest in the southern hemisphere when it was opened — and it also had the resources to 'carry' the Nausori mill, which was unprofitable at first, till better manufacturing techniques and improved cultivation methods enabled the mill to yield a return.²⁸

Moreover, CSR's Fiji operations greatly benefited from the extent of the company's milling interests in Australia and Fiji. It had fifteen mills by 1903.²⁹ With such a heavy investment in milling CSR had a strong incentive to increase its expertise in the manufacture of sugar, and it was more able to finance the required research than proprietors with fewer mills over which to spread the cost. The result was that CSR developed skills that far surpassed those of other millers in the colony.³⁰ It could also reduce costs by purchasing in bulk for all its mills, including those in Australia, instead of obtaining supplies in Fiji through merchants who were found to be more expensive.³¹ Furthermore, the vertical integration of its operations from plantation (in many cases) to mill to refinery enabled CSR to profit at every stage, thereby increasing funds available for investment.

CSR built five mills in Fiji between 1880 and 1903. One, at Viria on the upper Rewa, crushed for only ten years from 1886 to 1895 when, apparently too small to be viable, it was closed.³² The other four were more successful, though it took longer than expected for the Nausori and Labasa mills to yield a return. The unfavourable climate at Nausori was a difficulty, while at Labasa CSR was plagued for many years

by the higher cost of preparing the land than at other mills — drainage was a particular problem — and by being unable to get enough cane to work the mill at full capacity.³³ In addition to CSR there was the Penang mill, which after the death of D.C. Chalmers passed into the hands of Fraser and Co. Ltd, representing his estate, and was then sold to the Melbourne Trust Co. in 1896. In the same year the capacity of the mill was enlarged with machinery from Mago island, where a small mill had closed after the 1895 season.³⁴ Its increased capacity, coupled with its location in an area well suited to cane, helped Penang to survive the depression and operate independently of CSR till 1926. The other major non-CSR mill, at Tamanua on the Navua River, was built by Stanlake Lee in 1884. Fearing that he would be unable to compete for cane supplies with Nausori two miles away, and being unwilling to lease additional land so that his company could grow cane itself, Lee had sold his Rewa mill to CSR in 1882, when it was closed.³⁵ From the proceeds of the sale, under the name of the Fiji Sugar Co. Ltd, he built another mill at Navua on land he had leased some years earlier. The mill was not a financial success, largely for reasons of climate, and soon depended on CSR support. It was managed by James Murray, who had been CSR's first manager at Nausori, and who in his new position was given advice by CSR on how to make the mill pay.³⁶ CSR also became a major, though not the only, source of finance for Tamanua by regularly making advances on security of the crop.³⁷ Although it was not willing to take a direct interest in the mill, perhaps because of doubts about its profitability, CSR was anxious that Tamanua should not close. It wanted other millers in the colony, so that they could jointly approach government over tax concessions and the like. Government, Knox thought, would be more inclined to listen to several mill owners than to one who had a monopoly in the colony.³⁸ It was this, among other considerations, which decided CSR against buying Tamanua when it was up for sale in 1905.³⁹ Eventually it was bought by the British Columbia Sugar Refining Co. Ltd which, having completely rebuilt the mill, re-opened it in 1906 as the Vancouver-Fiji Sugar Co. With finance available from Canada the mill was no longer supported by CSR. Yet it still failed to make satisfactory profits. An unsuccessful attempt was made to sell it in 1911,⁴⁰ and it was finally closed in 1923.

In 1903 then, the year Lautoka first crushed, four of the six mills in the colony were owned by CSR, and of the other two only one — Penang — was independent of the

company's control. CSR's investment, not only in its mills but also in the infrastructure associated with them, was considerable. It laid out an extensive network of tramlines on which to transport cane to the mills; it built houses for its officers, whose pleasant accommodation stood in marked contrast to the 'lines' provided for Indian labour; and it provided dairies and butcheries to meet the needs of its European employees. By 1902 CSR had invested £1,373,000 in the colony, a vast sum in relation to the size of the economy.⁴¹ It had helped sugar to become Fiji's principal export. From 7 November 1873, when sugar was first exported, shipped in the schooner *Nil Desperandum*,⁴² exports (destined mainly for New Zealand) had increased to 46,438 tons in 1903. The value of the sugar was £403,318: of copra, the next most important export, £91,051. The sugar from CSR's four mills alone was worth well over half the colony's total exports and re-exports, put at £554,707.⁴³ CSR had not only become dominant in the Fiji sugar industry: it had attained a commanding position in the economy as a whole.

The Fijians as an inadequate source of cane

When sugar mills were being set up in the 1870s and 1880s, it was hoped that a large proportion of their cane would be supplied by the Fijians. Sir William Des Voeux, Gordon's successor as governor, expected cane cultivation to become increasingly popular with Fijians.⁴⁴ And, indeed, by the turn of the century they were growing it as a tax crop under the supervision of government in Tailevu, Rewa, Naitasiri, Ba, Ra, Namosi and Serua. Each province was assessed for tax, and if the value of the crop handed to government exceeded the assessment a refund was paid to the province concerned. In 1884 Fijians produced 8,884 tons, about 12 per cent of the total cane crushed that year. In 1900 their output had risen to 15,447 tons, but as a proportion of the colony's total it had fallen to under 6 per cent.⁴⁵ In the next ten years output was to decline so that the percentage was to fall even further, with the result that on the eve of World War I Fijian cane was making a negligible contribution to sugar production in the colony. The reason was that Fijians hated growing cane, as was discovered by officials like W.L. Allardyce, who in 1896 described his earlier experiences with the Namosi people:

They certainly were a most unreasonable, uncouth, and untractable lot, they smashed the trucks and they bent

the tramline, they skulked, they practised every known native wile and a good many others which they had learnt from the European, but I was quite as determined that they should produce cane as they were determined to make the attempt a failure.⁴⁶

It was suggested by some officials, as well as by others, that Fijians be allowed to pay tax in cash rather than kind. In 1887 government reluctantly permitted Bauans to meet part of their tax assessment for that year by cutting cane at one shilling a ton on CSR's Nausori and Vuci Maca plantations, but Thurston (governor, 1888-97) refused to treat this as a precedent and a proposal in 1896 that Fijians at Labasa be allowed to do likewise was rejected.⁴⁷ Thurston's successors were, however, less sympathetic to the native tax system and in 1902, despite opposition from Allardyce as Colonial Secretary, the governor (Sir Henry Jackson, 1902-04) began a process of commutation for cash which was to kill the system for good.⁴⁸

The trouble with cane was not just that Fijians, like most people, objected to paying tax: it was that the attraction of a refund by producing more than was due to government did not generally appeal to them. This was partly for cultural reasons. It was also because a relatively small amount of labour was required to grow subsistence crops. 'How easily they can supply their own simple needs in their own homes', Miss Gordon Cumming remarked in 1885.⁴⁹ Income from cash crops would have had to be high to induce Fijians to switch from their traditional subsistence crops to crops which required more work. If returns were not high, it was likely that the willingness to earn cash would partly depend on the amount of surplus labour available. If Fijians had plenty of spare time, the opportunity cost of involvement in the money economy would be low. Now the comparatively small labour inputs needed for subsistence crops meant that often there was a certain quantity of labour to spare, but this was reduced in the late nineteenth century by a decline in the Fijian population from perhaps 140,000 before Cession to 105,800 in 1891, and 94,397 ten years later.⁵⁰ Though there were fewer mouths to feed, the amount of labour required for communal tasks (church building, etc.) was likely to have remained fairly constant, so that the amount of surplus labour would have fallen and with it the desire to produce crops for sale.

The desire was reduced still further by the nature of European capitalism in Fiji. Fijians had been exposed to the cash economy for a relatively short time, and what they had seen had been goods which were comparatively expensive largely because of transport costs, and the practice of charging in the stores a higher price to Fijians than to Europeans.⁵¹ High prices would have had less effect on the willingness of Fijians to earn cash if they could have expected high money returns as a result of their labour. The larger the returns, the fewer hours they would have had to work to buy goods that appealed to them. But cane was a crop which did not give Fijians a high income. It was suggested in 1902 that on the Rewa the equivalent of thirty days' work at cane earned a Fijian only 25s 8d. Returns in Ba, where the climate was better, were much higher, but nowhere near as good as the 27s 0d that could be earned in only three days by producing three hundredweight of copra. It was not surprising that of an estimated £100,282 received in cash by Fijians in 1901, £42,880 was thought to have derived from copra produced for non-tax purposes, whereas the amount from cane which was grown in areas unsuited to copra - was nil. The income from cane was also lower than from traditional subsistence crops.⁵² Though at first government did try, the reluctance of Fijians to grow cane discouraged officials from improving cultivation methods such as applying manure, which would have required additional expenditure and so reduced the size of the refund in the short term and made it even more difficult to obtain Fijian co-operation.⁵³ Yet since in the long run the absence of manure meant that the soil was more easily exhausted, the returns from land and labour were reduced by lower yields and the extra work involved in preparing new ground. Another problem was that tax farms were often located some distance from the village - twenty miles was not uncommon. Sometimes *bure* had to be built and food gardens planted adjacent to the cane plot to eliminate the need for daily travel. All this added to the time required for growing cane and increased the opportunity cost involved. There were frequent complaints that the time could have been spent on work in the village. In 1902 it was also reported that some Fijians were objecting because cane entailed work between July and December when, under the village 'Programme of Work', they would have been free to find employment in Suva at wages up to £3 or £4 for ten days' work. Even without the problems of yields and travel, it is most unlikely that the opportunity cost of growing cane would have been so low to make it attractive to Fijians - except occasionally in the west of Viti Levu where the climate and soil were more suited to cane.⁵⁴

The basic problem was the miller's need for cheap cane. This meant that under labour intensive methods of cultivation, which were characteristic of sugar plantations in Fiji, what was required was a cheap supply of labour. In a situation of 'subsistence affluence' and with low money aspirations, just as they had been reluctant to become plantation labourers for long periods of time, so Fijians hated working for a low income by growing cane themselves.⁵⁵ Instead, they often preferred to lease surplus land so that cane could be grown by others. The terms on which they could do this were made more attractive to would-be tenants in 1896 when, to overcome the disadvantage of twenty-five year leases embodied in Ordinance 21 of 1880, government began to lease for ninety-nine years native land which was sub-let to Europeans on fifty-year terms. Ordinance 4 of 1905 permitted settlers to obtain these long-term leases direct from Fijians, and also for the first time legalized the alienation of native land. Between May 1905 and April 1908, 104,142 acres were sold to a variety of purchasers when, following pressure from Lord Stanmore (formerly Sir Arthur Gordon), the Colonial Office put an end to the sales.⁵⁶

With fewer Fijians after the 1890s working for planters as casual labourers, rent became the principal way in which they shared the profits from sugar. Yet their share was small. At £5,989, rent from all leases (including those outside cane districts) was only about 6 per cent of the estimated total cash income received by Fijians in 1901.⁵⁷ Moreover, though income from rent would increase with the subsequent expansion of sugar production (Lautoka had not yet opened) and the settlement of Indians, before 1915 the terms on which many large blocks were leased to Europeans contained no provision for the frequent reassessment of rent.⁵⁸ Consequently, as land values rose rents fell below — often way below — the free market value of the land. The commoners' income from rent was particularly small, since chiefs were entitled to 30 per cent of the rents in areas under their authority. On a *per capita* basis, this left relatively little for distribution to those who were not chiefs. Usually it was land of the best quality that was leased. The result was that when the Fijian population began to grow after World War I, villagers increasingly had to plant food on less fertile soil, so reducing the surplus labour available and with it, perhaps, the incentive to play a greater role in the cash economy. Thus, although their willingness to leave the cane supply to others was not the only factor influencing the development of plantations, the extent of European landholdings and the number

of Indians imported did owe something to the tendency of Fijians to become spectators of, rather than participants in, the cultivation of cane.

So it was that a plantation enclave developed in the economy, thereby benefiting members of the uneasy alliance forged after Cession between government, the chiefs and European capital. The chiefs gained from government's restraint on the activities of early settlers and from a large share in the rents obtained from cane lands.⁵⁹ Government to a great extent had established order, and saw its revenue increase through the stimulus to trade provided by overseas capital, notably CSR. And CSR used Fiji to supply its refineries with raw sugar. The development impact of the industry through the creation of social and overhead capital, the bringing of idle land into productive use, etc., created jobs which enabled many immigrants to escape from destitution in India. To a limited degree commoners benefited from the receipt of rent. Along with Indians, they also gained from government transfers (made possible by increased revenue), though these were small.

Yet constraints imposed by overseas markets and by the state of sugar technology meant that the industry could survive only if it was supplied with cheap labour. This restricted sugar's contribution to economic development. In contrast to other parts of the world where the spread effect of plantations was limited because members of the indigenous population were employed at low wages, the effect on Fijians was small because they disliked any involvement (except as recipients of rent) in the cultivation of cane. Though, in explaining this, account has to be taken of factors like 'subsistence affluence' which influenced the Fijian response, the lack of incentive caused by sugar's dependence on cheap labour was crucial. It is also important that, by occupying large areas of top quality land, plantations probably discouraged Fijians from developing commercial agriculture themselves. Instead of employing Fijians as cheap labour, or cheap suppliers of cane, the Indians were imported. Although many might have been materially better off than if they had stayed in India, immigrants were certainly cheap as far as Fiji was concerned. The tendency for wages of free Indians to exceed one shilling a day indicates that the statutory minimum wage of indentured labourers was below what would have prevailed had there been a free market in labour; and even the free wage was not enough to induce immigrants who eventually settled on the land to seek wage employment for

more than short periods at a time.⁶⁰ Still worse, during the 1880s and 1890s plantation wages were usually less than the statutory minimum.⁶¹ On top of this was the high mortality rate on plantations, at least before the turn of the century, and the humiliation suffered by Indians under the indenture system. The harsh treatment of indentured labourers in a whole host of ways led them to describe life on plantations as '*narak*' - hell.⁶²

Within a few years of Nausori opening, acute observers in Fiji recognized a conflict of interest between the colony which grew the cane and CSR, which was mainly concerned with processing and marketing it. Dr T.P. Lucas, a visiting botanist in the 1880s, reported the views of almost certainly Thurston, with whom he agreed:

I was informed for a positive fact that a high government official, who had been largely instrumental in securing the establishment of colossal sugar companies, had acknowledged that, instead of a benefit, they had brought a bear into the country.⁶³

CSR, more than all the rest, was the type of investor Gordon and Thurston had wanted to attract to Fiji, but it soon became clear that many in the colony would be far from attracted to the investor.

Chapter 3

The plantation system, 1880-1914

CSR had originally hoped to buy cane, as it had in New South Wales, from planters already living in the vicinity of its mills, the company itself growing enough only for experimental purposes and to even out fluctuations in supply.¹ This objective was never abandoned, even though to obtain sufficient cane CSR had to develop plantations on a far larger scale than intended. By 1914, however, most of these had been leased to overseers who, instead of working for the company, farmed on their own behalf. Because CSR's mills were much bigger than those at Penang and Tamanua (Table 3.1), this decentralization of the plantation system became characteristic of the Fiji industry as a whole — a characteristic of great importance not only for CSR-government relations, but because it increased the profitability of the company's investments in the colony. In the long run it also reinforced CSR's position as a miller rather than grower of cane, making it easier for the company to turn to Indians for supplies after World War I. To some extent, the plantation system devised before 1914 was a prerequisite for what would come later.

Table 3.1

Maximum daily output of sugar mills in Fiji, 1914

Penang	40 tons raw sugar	Nausori	105 tons raw sugar
Tamanua	60	Rarawai	125
Labasa	100	Lautoka	142

Source: Escott to C.O., 467, 30 Dec. 1914, C.O. 83/123.

CSR's preference for the central mill system, whereby cane was purchased from outside suppliers, owed much to the attitude of politicians to the company, aptly expressed by Thurston in 1880. 'It would be a good thing if they invested,

but not if they got all they want.'² This remained the official view in Fiji till the company finally withdrew ninety years later. As CSR's importance to the economy grew, government's desire that the company should remain increased. Whenever officials felt that CSR might be forced to withdraw they would intervene — however reluctantly — to provide it with support. On the other hand, government never wanted CSR's interests to be paramount. There were those of the Fijians to be considered as well, and of the European community apart from CSR. So long as the company remained, government was willing to act — over taxation, for example — in ways that would reduce the profitability of sugar milling but benefit others in the colony. Of course CSR could — and did — threaten withdrawal on such occasions, but threats alone were not very effective, especially if the company had failed to act on them before. Would CSR really sell its investments in Fiji, and risk the loss of capital as a result if, say, government increased taxes by only a small amount? Clearly it would not, unless the increase made the mills unprofitable. In its relations with CSR, then, it seemed that government might have had considerable room for manoeuvre.

From early days CSR was well aware of the danger that officials might act in ways which would be contrary to the interests of the company. In the late 1880s the Queensland government had proposed discriminatory taxation of CSR, and had levied heavy duties on machinery for the mills.³ Thereafter, the company felt vulnerable because of its dominant position in the Queensland and Fiji sugar industries. It was an easy target for those who resented its influence, and a constant temptation for politicians who wanted to raise taxation. The company needed to strengthen its position by spreading risks — in an economic sense by reducing its investment in plantation work, and in a political sense by increasing the number of planters engaged in the industry in order to enhance the latter's influence with government. As Knox explained in 1899:

This system of purchase from growers, we have only been able to adopt to a very small extent in Fiji, and it has many advantages. It reduces by one-half the amount of capital which the mill-owner has to find; it places between the manufacturer and the legislature a large number of permanent settlers, each of whom has a direct personal interest in securing fair and reasonable treatment for the industry with which

he is connected; and it thus gives the business a stability which would otherwise be wanting, and furnishes to the investor some security that the capital he sinks in plant and buildings shall not be made unremunerative by undue taxation.⁴

There was a strong political motive behind CSR's preference for the central mill system.

To this was added a second factor — the need to minimize labour costs in growing cane. Sugar plantations have traditionally employed a labour intensive form of production, so that labour expenses form a large proportion of total costs. When discounted over the life of a plantation, land, the other major cost, was much smaller than labour. Now where, as in British Guiana, the main source of profit from raw sugar derived from growing rather than milling cane, companies specialized in maximizing returns from labour in the field. For CSR, its background as a refiner turned miller meant that initially, except from refining, it earned profits solely from the manufacture of raw sugar, because when it first opened mills in New South Wales, the company tried to reduce the risk of embarking on a totally new venture by obtaining cane from outside suppliers, instead of developing plantations itself. The result was that E.W. Knox, who was responsible for the mills, concentrated on acquiring an expertise in the manufacturing process. Though he was also interested in cultivation methods, when he travelled to the West Indies in 1876 Knox's chief concern was to learn how to increase efficiency in the mills, and this preoccupation continued after he became general manager. The company made great advances in the application of chemical research to the crushing process, so that by the 1890s it had developed techniques in milling that were, perhaps, almost unrivalled in the rest of the world. Chemists became some of the most influential people in the company, and in the future mill managers were to be frequently drawn from their midst.⁵ This early specialization in milling meant that CSR knew relatively little about cultivation when, following its expansion to Fiji and Queensland, the company itself began to grow cane in large quantities. The fall in sugar prices in the 1880s and 1890s intensified company efforts to improve the quality of cultivation, and hence returns to labour, both on its own estates and those of independent planters. Yet, as head office acknowledged in 1902, the achievements in milling were not matched by comparable successes on the plantations.⁶

So when faced with difficulties in reducing field expenses, the company's reaction was to lease estates in the hope that tenant planters would have more success.⁷

Experience showed that planters were, indeed, better able than CSR to control labour costs. It was found that they worked labour more efficiently than did overseers employed by the company. In 1908 one CSR tenant was quoted by Knox as working with eighty-five to ninety men an estate on which CSR had had to employ up to 130. Though part of the reduction was said to have been due to the planting of Badilla, a better variety of cane, most was due to 'more interested supervision' — planters were more profit conscious than overseers. Another saving — of up to £150 a year — was to hire Indians as ploughmen instead of using Europeans as did CSR, or for the planter to do the ploughing himself.⁸ On top of this was the point that if CSR ran a plantation it expected to make a return on investment over and above the costs of labour and supervision. For a self-employed planter though, the cost of supervision and return on capital were indivisible. He was more willing to combine a good yield from investment with a low salary (or an acceptable salary with a low capital return) in exchange for the advantage he perceived from being self-employed. In effect, supervision costs could be reduced, enabling the cane to be bought still more cheaply than if it had been grown by the company itself. The task for CSR, then, was to find an outside source of supply.

European contractors

One possibility was that planters on non-CSR land, known as contractors, would become important producers of cane. In 1880 settlers on the Rewa had agreed to grow cane for the company till 1892 at 10s 0d a ton but, as CSR privately acknowledged, this price proved to be well below the actual cost of growing cane. Even with a bonus of 2s 6d in 1884 and 1885, planters like J.C. Smith and W. Orr were unable to eke from their estates more than a nominal return.⁹ The reason was largely the inflation that followed the expansion of CSR in the early 1880s. With a shortage of Indian labour because of delays in organizing a regular supply, initially planters and CSR had to rely heavily on Fijians and 'Polynesians'. The price of the latter had risen sharply by the mid-1880s, in part because CSR's move into Fiji and Queensland had helped generate a greater demand.

The cost of feeding the labour in Fiji with locally grown subsistence crops had also increased because of the larger number involved.¹⁰ On top of higher labour costs, planters were required by CSR to reduce the number of crops taken from the land each year. The practice had been to harvest cane in Fiji three times in two years, but CSR insisted on only one crop a year in order to allow the cane longer to mature. The miller benefited from sweeter cane while planters were faced with a lower income than expected.¹¹ They were not compensated with a demonstration by CSR of cultivation techniques which would have enabled them to farm profitably despite higher costs and fewer crops. Draught animals, for example, were not used on CSR's plantations at Nausori till the early 1890s, so that labour costs before then were particularly high.¹² The only way that cane could have been made profitable for planters in the 1880s would have been for CSR to pay a price substantially higher than 12s 6d. Planters asked for 15s 0d, and this was probably not much more than was needed to earn a reasonable return. Yet the fall in raw sugar prices from the mid-1880s, coupled with early difficulties in making CSR's plantations economical, prevented the company from raising the price. Instead, the 2s 6d bonus was withdrawn in 1886 and 1887, and was only partly restored from 1888 to 1891 to bring the price up to 11s 0d.¹³

It was hardly surprising that planters found themselves growing cane not out of choice but because they were bound by contracts signed in 1880. They were reluctant farmers, eager only to dispose of their land. Indeed, as Knox realized, originally the big landowners had had no intention of growing cane for long. They had wanted to attract sugar mills simply because they had expected a rise in land values to result.¹⁴ So it was quite natural in 1882 for Sahl to exploit CSR's need of his co-operation by borrowing from the company funds with which to buy out Rabone, Feez & Co.'s interest in the land of F. & W. Hennings, and the next year to join J.C. Smith in trying to sell his properties on the Rewa.¹⁵ But these would-be speculators had little success, for other Europeans, if not in the market as sellers themselves, either lacked the desire to buy because cane was unremunerative, or the means to buy because CSR, which financed those who grew sugar, made advances only for cultivation.¹⁶ Enquiries were made by some Melbourne capitalists about buying land so that another mill on the Rewa could be built, but CSR prevented its contractors from selling for such purposes, and interest from Melbourne waned after the

price of sugar fell in the mid-1880s.¹⁷ CSR itself did not want to buy properties that were already under cane because the capital outlay would have done little to increase supplies, but it was eventually forced — much against its will — to take over such land. Contracts were due to expire at the end of 1891, and it was clear that with little prospect of being able to repay what they owed CSR, or of being able to sell at a profit to anyone else, planters would insist that the company take possession of their property as settlement of the loans secured by it. To ensure that a crop would be prepared for the 1892 season, CSR began to take over planters' land in 1889, though it refused to acquire that belonging to Sahl who, owing £27,500 in October 1887, had borrowed more than his properties were worth. Sahl continued to grow cane for the company till able to sell his land in the 1890s, when values began to rise slowly as free Indians started to settle around plantations, and as the cultivation of cane became more efficient.¹⁸ Failure of the original contractors on the Rewa to meet CSR's needs was matched by the refusal of several European landowners to grow cane for the company's mills at Rarawai, Labasa and Lautoka. Having bought land for speculative purposes, or in the case of financial institutions having foreclosed on the original purchaser, owners — often living abroad — were content merely to await the benefit of rising land values following the construction of CSR's mills, and to force the company itself to buy land it wanted put under cane.¹⁹

Thus CSR acquired land on which to grow cane itself, and once it started to do this the company found that the very nature of plantation enterprise encouraged it to increase the area of land in its possession. By increasing the supply of cane CSR could reduce the unit costs of milling, and this was important on several occasions in persuading the company to secure additional land at each of its mills.²⁰ Moreover, once CSR had decided to grow cane it had to employ a large labour force to prepare the land for planting. Yet apart from seasonal periods of high demand for cultivation and harvesting, after the land had been cleared the numbers needed on an estate for most of the year were much reduced. Thus the problem arose of how to employ men during slack periods. Noting 'a plethora of labour' at Nausori in 1886, CSR's head office urged that more land be leased from Fijians to provide employment opportunities during the slack season.²¹ To this was added, especially after 1900, an incentive to acquire land for speculative purposes. Rising values encouraged CSR to obtain more than was needed for its immediate

requirements, so that by 1914 the total area under the company's control was over 100,000 acres.²² The acquisition of land by CSR helped bring about a social transformation in districts where sugar was produced. The company was prominent among a new set of landholders who were replacing original settlers in much of the colony.²³ Many of these new men, if they did not farm themselves, leased their land to those who took advantage of improved cultivation methods and grew cane for CSR. These contractors became an important outside source of cane for the company. Yet because of the extent of the company's landholdings they were not so important as the tenants who occupied most of CSR's plantations on the eve of World War I. The leasing of CSR's estates, in fact, enabled the company to realize its original aim of relying on outside growers for the bulk of its supplies.

The leasing of CSR's plantations

The process of leasing estates, mainly to plantation managers but also to 'others possessed of some little capital',²⁴ began in 1890 and, though initially slow, proceeded more quickly after 1900 as the demand to lease grew. Given the failure of contractors to grow cane profitably on the Rewa in the 1880s, the desire to lease company plantations appears, perhaps, a little surprising. It was due, however, to a conviction that improved circumstances had made the cultivation of cane economically viable. Now this improvement was not the result of an increase in raw sugar prices for, in fact, Table 3.2 shows that the exact opposite had occurred. Nor did it arise from advances made in milling techniques which might have allowed CSR to pay more for cane despite low prices, for on the contrary, whatever the developments in milling, after 1897 the price of cane was reduced (Table 3.3). Nor was it due to the construction of mills at Rarawai, Labasa and Lautoka where the climate was more suited to cane than on the Rewa, for as far as planters were concerned the benefit of this was offset when, in 1898, the other three mills began to pay a lower price than Nausori for cane of equal quality. Rather, confidence in the profitability of cane increased because cultivation methods were being improved. In the early 1890s labour saving devices, such as the use of draught animals, were introduced; the soil was allowed to rest longer after cropping; green manure was applied before re-planting; and to help the soil, trash was saved instead of burnt. Improvements like the earlier planting of cane to give higher

Table 3.2

Quantity and value of sugar exports, 1882-1914
(f.o.b.)

Year	Tons exported	Value		Year	Tons exported	Value	
		Total (£)	Per ton ^a (£)			Total (£)	Per ton ^a (£)
1882	1,731	58,857	34	1899	28,403	340,603	12
1883	5,163	175,555	34	1900	32,961	393,987	12
1884	8,729	218,224	25	1901	31,751	380,155	12
1885	10,586	211,729	20	1902	35,905	347,691	10
1886	11,716	187,456	16	1903	46,438	406,318	9
1887	12,831	205,294	16	1904	52,138	469,391	9
1888	16,916	270,649	16	1905	58,488	539,594	9
1889	13,178	263,554	20	1906	38,523	347,198	9
1890	15,291	244,655	16	1907	66,597	602,820	9
1891	20,470	327,526	16	1908	66,149	647,306	10
1892	18,883	302,133	16	1909	60,825	607,969	10
1893	15,389	246,231	16	1910	61,761	669,432	11
1894	27,265	436,245	16	1911	72,834	797,274	11
1895	23,210	208,889	9	1912	61,718	671,712	11
1896	27,334	336,929	12	1913	94,710	1,041,927	11
1897	26,991	323,830	12	1914	93,773	1,023,914	11
1898	34,156	409,884	12				

Source: J.C. Potts, 'The sugar industry in Fiji', Appendix 1.

^aApproximate figure per calendar year, not per crushing season.

Table 3.3

Price of cane bought from Europeans on the Rewa, 1882-1914

Year	Price (including bonus)
1882-3	10s 0d
1884-5	12s 6d
1886-7	10s 0d
1888-91	11s 0d
1892-7	12s 6d
1898-1901	12s 6d for cane of 11 per cent P.O.C.S.
1902-14	10s 0d " " " " " " "

Sources: Knox to Tucker and Orr, 13 May 1886, Fiji Out 1880-92, 3 (1885-87), 217-18; H.O. to Nausori 6 June 1888, Fiji Out 1880-92, 4 (1887-88), 295-300; H.O. to Nausori, 6 June 1889, Fiji Out 1880-92, 5 (1888-89), 340-44. H.O. to Nausori, 14 Nov. 1890, Fiji Out 1880-92, 7 (1890-91), 49-50; H.O. to Nausori, 5 Aug. 1891, Fiji Out 1880-92, 7 (1890-91), 469-70; H.O. to Nausori, 5 Nov. 1898, Nausori Out, 7 (1897-99), 438; Knox to Escott, 1912, Nausori to H.O., Private letters May to Dec. 1912.

Notes:

1. Before 1898 no standard was specified, the same price being paid for all cane regardless of quality, though cane below 8 per cent P.O.C.S. was rejected. P.O.C.S. (Pure Obtainable Cane Sugar) is calculated from the analysis of cane and forms a basis for assessment of the percentage of cane sugar recoverable under specific conditions of manufacture. The price was reduced or increased according to whether the P.O.C.S. measurement of a farmer's cane was below or above the standard. At Nausori the standard was fixed at 11 per cent, but it was 13 per cent at the other Fiji mills where cane was normally of a higher quality (see Table 3.4). The introduction of payment by quality in 1898 represented a fall in price for most Rewa planters, who were accustomed to producing cane of below 11 per cent P.O.C.S.
2. Before 1892, 4d a ton was deducted for tramway hire. After 1892 no deduction was made.
3. From 1898 to 1901 a variety of prices ruled. Most planters received 12s 6d per standard ton, but some received less.

quality continued to be made, and new varieties were tried. Malabar, a superior cane to that grown hitherto in Fiji, was being widely planted in 1901. Within a few years it was replaced by the even better variety, Badilla. By the late 1890s advances in cultivation methods, though not as spectacular as achievements in the mill, had transformed the economics of growing cane in Fiji. Even on the Rewa cane could yield a profit to those who were reasonably efficient.²⁵

Moreover, CSR tenants found they had a particular advantage over contractors: they often had to pay less in rent. This was because many contractors occupied land leased from other Europeans, who were determined to maximize their income from rent. In the 1880s, for example, Sahl leased some of his Rewa property, at a rent that CSR thought was more than the land was worth, to W. Orr, who was tied to the land at an excessive rent and with an unprofitable crop presumably because he had financial obligations to his landlord.²⁶ Though men like Sahl were replaced in the 1890s by a new set of property owners, the latter behaved no differently. There was J.B. Turner, who originally grew cane for CSR but found that it was more profitable to lease his land instead. In 1910 it was alleged that on one of his Rewa properties, bought for between £1,300 and £1,500, Turner was charging rent of £420 a year.²⁷ In Knox's view, landlords were charging 'exceedingly high rents' at the other mills as well.²⁸ The result was to raise cultivation expenses so that in one or two cases rent became the most important single item of cost.²⁹ CSR on the other hand, perhaps hoping this would keep down rents on non-company land and wanting to minimize the cost of cane, charged lower rents than were paid by contractors. It hoped that eventually the subsidized rent could be recouped in lower cane prices.³⁰ On top of this was the advantage to tenants of being self-employed, of not being absentee owners as were some of the early contractors and, therefore, of not needing to share the proceeds from cane with agents appointed to look after their farms. Thus overseers became increasingly attracted to the idea of leasing plantations from CSR.

For the company, there was the hope of cheaper cane. Indeed, its decision to part with some of its estates was an extension of measures taken to reduce plantation costs in the late 1880s. Following a visit to Fiji in 1886, Knox suggested to the Board that staff should receive a proportion of any cost reductions that were made — 'Personal interest will always ensure personal supervision.'³¹ For the Nausori

plantations nine shillings was taken as the standard cost of producing a ton of cane: plantation staff were to benefit if expenses fell below it. But nine shillings was much less than the existing cost of growing cane on the Rewa, and no bonuses were paid to those outside the mill.³² The incentive to earn a bonus fell as the frustration of trying to limit costs below an unrealistic standard grew. The leasing of plantations, however, increased the incentive to reduce costs. In effect the standard was raised to 12s 6d — the price of cane from 1892 to 1897 — and instead of being able to keep only part of the savings made below the standard, farming leased estates on their own account, planters could retain the whole of the reduction as profit. In keeping with its overall objective, the first plantations CSR tried to dispose of were the ones it found least profitable to farm. On the Rewa, for instance, there was Bau Levu on which the company expected to grow cane at 17s 0d a ton in 1893, but where the actual cost proved to be £1 13s 2d.³³ With the company willing to pay only 12s 6d a ton it was, perhaps, amazing that after several years of trying CSR found someone to take over the plantation. Mr John Rennie leased it in 1894 and, benefiting from improved cultivation techniques, made some profit from it. But the profit was not large enough to induce him to re-lease the land on terms acceptable to the company, and he was replaced by another tenant in 1899.³⁴ As cultivation costs fell the number of overseers wanting to lease plantations increased and, despite the lowering of cane prices in 1902, this demand continued to grow. By 1904, 65 per cent of the cane crushed at Nausori was supplied by Europeans (including contractors), 20 per cent by Indian growers and only 15 per cent by CSR.³⁵

Since the company had always found it difficult to grow cane economically at Nausori, it was not surprising that the leasing of estates proceeded faster there than at its other mills. For example at Rarawai, where more plantations had been let than at Labasa and Lautoka, in 1906 just under 40 per cent of the cane was drawn from outside suppliers.³⁶ There, as at Nausori, the least profitable plantations had been leased — the ones furthest away from the mill and so more difficult to supervise, or those on less fertile land where returns were comparatively low. The result was that working the most profitable land itself, CSR found in 1904 that it could grow cane at Rarawai for less than the cost of purchased supplies.³⁷ Consequently W.A. Farquhar, the company's roving Inspector, opposed the further leasing of a large number of plantations in case the overall cost

of cane should rise. Because CSR would have to ensure that cane was remunerative to the 'average' producer, it would need to pay a price that was higher than the cost to the company of growing cane on its most profitable estates. Furthermore, since in the allocation of plantations priority would have to be given to overseers who had been longest in the company's service, CSR would be left with less experienced men who would be likely to work the remaining plantations less efficiently.³⁸

Yet from about 1905 CSR came under increasing pressure to part with a larger proportion of its estates. This was not just because it needed the benefit 'of strengthening our position with the government' as Farquhar put it, though Knox later recalled that this was a factor.³⁹ Rather, the leasing of a greater number of plantations was seen as essential if the company was to retain control over its labour, and thereby stabilize costs. The problem was two-fold. First, there was growing discontent among overseers who, seeing 'small fortunes' being made by planters like M.C. Carr at Nadi, wanted CSR to give more opportunities for officers to start on their own. Unrest among overseers was so great that in 1907 Farquhar was forced to recommend the lease of three plantations at Nadi to six overseers. Several estates were also leased at the other mills.⁴⁰ The result, however, was to increase dissatisfaction among those who remained with the company. Tenants who had leased CSR land in 1907 were very successful, forcing Knox to admit: 'It is true that we parted with our Nadi land too cheaply, and that the blocks were too large.'⁴¹ This had enabled the tenants to make substantial profits so that, with those who had been doing well over a longer period, they had become the envy of men still in the company's employ. Though Knox purported to be unmoved by pressure from overseers to lease plantations, the danger for the company was real. Frustration was likely to be expressed in slack supervision of labour, or in a tendency to 'take it out' on those being supervised. Either way, labour would become more difficult to handle, the quality of work would fall and the cost of cane rise.

Fear of this happening would have been particularly acute in 1908, when trouble with labour caused a scare among company staff in Fiji. CSR attributed the problem to the working of new Indians by inexperienced overseers — the inevitable result of recent expansion by CSR and the leasing of its estates to more experienced men — and felt that the

solution would be for government to discipline more severely labourers who broke the law. Government's view on the other hand, as reported by Farquhar, was that the problem was largely 'our own competitive system of working one plantation against another', and that 'the trouble with the coolies was mainly due to us squeezing the last drop out of them, whereas the truth is the contractors always get more work done than we do'.⁴² Noting that relationships between tenants and their labourers were better than between overseers and Indians, presumably because tenants took greater care of labour in order to increase its productivity, Knox suggested in 1908 that the answer would be to lease nearly all the company's plantations. The latter were rapidly divided into estates of 400 to 1000 acres, preference being given to those who had been longest in the company's service and who had little hope of further promotion.⁴³ By World War I the bulk of CSR's cane was bought from these tenants. The problem now was to prevent the realization of fears by Farquhar and others that the widespread leasing of estates would cause a rise in the cost of cane to the company. In fact, what instruments of cost control over planters did CSR have?

Control over planters

Traditionally, the company had regulated the cost of outside cane by altering the price paid for it. Though it had wanted to see other mills established in the colony, CSR had opposed their location in the vicinity of its own mills, lest by competing for cane supplies they limited the company's ability to determine the price it would pay. CSR had fought particularly hard to obtain a monopoly of milling on the Rewa. It had acquired land with the object of preventing a rival mill from being established,⁴⁴ it had purchased Stanlake Lee's mill in 1882 knowing that this would tend 'to club competition' on the river and enable CSR to offer a lower price for Fijian tax cane than that currently being paid,⁴⁵ and the following year it had blocked an attempt by Sahl's partners to sell one of his properties to prospective investors in a mill that would have competed with Nausori.⁴⁶ The biggest challenge to CSR's position had come in 1884 when the Rewa Plantation Co. Ltd, having changed its name to the Rewa Sugar Co. Ltd, transferred its mill to Koronivia and increased its capacity. Needing a larger supply of cane it had planned to acquire a property belonging to Henry Eastgate, who had contracted to grow cane on it for CSR. The latter had taken Eastgate to court in defence of

its contract and as a deterrent to others, but the Chief Justice had found partly against the company. The matter was so important that CSR had considered an appeal to the Privy Council, but had been spared this by the intervention of a shareholder in the Rewa Sugar Co., which had consequently agreed to do nothing that might damage the interests of CSR.⁴⁷ The company's position was not fully secured, however, till 1894 when the Rewa Sugar Co. closed, leaving Nausori with a monopoly of milling on the Rewa — a position similar to CSR's other mills in Fiji. The result was that the company had substantial control over the price of cane and could use this to regulate the cost of outside supplies.

But price was a relatively blunt instrument for this purpose. It could not be used to discriminate between planters on unusually fertile land and those who were not. Different prices for different planters would have caused unrest, while a uniform price had to be fixed at a level that would enable the average farmer to cover his costs. Thus when CSR leased plantations after 1908, it was unable to reduce the price of cane grown on what used to be its most profitable estates. Yet, as Farquhar had stressed, if CSR bought cane from these exceptional plantations at the prevailing price, it would be paying more than it would have cost the company to grow the crop itself, and the total cost of cane would rise. The answer was for CSR to regulate the incomes of its tenants in line with the profitability of each estate by varying the rents that were charged. After deducting its own outgoings for land held on lease, the company could set the balance the proceeds from rent against the price of cane and so reduce the overall cost of supplies. This had been company practice for a number of years, making it natural in 1908 for Farquhar to suggest that if estates were leased, rents should be fixed 'sufficiently high to safeguard our interests, for we can — as has often been done — always lower a rental if it proved too high, but we can never raise it'.⁴⁸ His advice was taken: high rents were charged, and in addition high valuations were put on improvements taken over by incoming tenants. Since most overseers had little capital, these valuations were treated as an advance, tenants being expected to reduce their indebtedness to CSR at the rate of £500 a year, but it soon became clear that rents were too high to enable them to do this. At the end of 1912 CSR wrote off arrears, amounting to £35,000 at Labasa, and allowed those who had become tenants since 1908 to start afresh with lower initial valuations and much reduced rents.⁴⁹ In effect, CSR had decided

to accept an overall increase in the cost of cane, but it had limited the rise by not having to pay more for cane from contractors or tenants who had leased company land before 1908. Beside having more satisfied tenants, in the short term the company could expect compensation for the higher cost of cane from the enhanced ability of tenants to repay at least part of what had been spent on improving the land: in the long run, as tenants bettered their position, CSR could hope to reduce the scale of its advances and employ more profitably the funds thereby released. It was in the company's interest that tenants should do well — but not too well. Variations in rent were the means to achieve this.

The amount of rent CSR could charge, or the extent to which it could reduce the price of cane, largely depended on the company's ability to control methods of cultivation by tenants and contractors. The lower the cost of growing cane, the lower the price that need be paid for it. But gaining control over growers' cultivation practices had been very difficult in the 1880s and 1890s, when planters had tried to increase the quantity of cane regardless of its quality. CSR, on the other hand, with a miller's interest in sugar content, had wanted to control the cultivation methods of planters to ensure not only maximum yields per acre, but optimum sweetness in cane. Among other points, in the contracts it first made with planters CSR stipulated that it should have control over harvesting to ensure that cane was cut when most ripe, and control over varieties for 'without it any planter could cultivate a gross and watery cane, which would give him a good return, and ourselves nothing'.⁵⁰ Yet even though contracts and tenancy agreements were designed to be legally enforceable, the company had great difficulty controlling the quality of cane delivered on the Rewa. In the mid-1890s Knox frequently complained about the low quality of cane being sold to CSR.⁵¹ In an attempt to raise quality and produce an identity of interest between planter and company, in 1898 CSR adopted a new system of payment for cane. Rates were based on a sliding scale according to quality (Table 3.4). Despite opposition from growers, CSR was able to impose the new scale by exploiting differences among them. It first reached agreement with its tenants, and then used this to get the acquiescence of contractors.⁵² The result was that planters came to share CSR's interest in raising the quality of cane, thus making it easier for the company to supervise their methods of cultivation.

Table 3.4
CSR sliding scales for payment of cane by quality
 (maximum price)

P.O.C.S.	Nausori		Other Fiji Mills	
	1898	1902	1898	1902
%	s d	s d	s d	s d
8	7 6	5 0	4 2	1 8
9	9 2	6 8	5 10	3 4
10	10 10	8 4	7 6	5 0
11	12 6	10 0	9 2	6 8
12	13 9	11 3	10 10	8 4
13	15 0	12 6	12 6	10 0
14	16 3	13 9	13 9	11 3
15	17 6	15 0	15 0	12 6
16	18 9	16 3	16 3	13 9

Source: H.O. to Nausori, 5 Nov. 1898, Nausori Out, 7 (1897-99), 438; Knox to May, 1912, Nausori to H.O. Private letters May to Dec. 1912.

Note: It was very unusual for the quality of cane at Nausori to exceed 13 per cent P.O.C.S., or for that at the other mills to fall much below 10 per cent.

The instrument of supervision was the credit extended to planters by CSR. The poverty of the early settlers had forced the company to make advances to cover their cultivation and living expenses, and this practice was continued when CSR leased its plantations. Advances were made on security of the land or the crop, and interest of 6 per cent a year was charged.⁵³ The supply of credit gave the company great influence over planters, for it kept a close watch on the way its money was spent. It could refuse further advances unless specific cultivation techniques were adopted, it could threaten to cut off credit if the planter was not more diligent in his work, and it could use company loans to ensure that land capable of supporting cane was not used for other purposes.⁵⁴ The household expenditure of planters could also be controlled. With characteristic attention to detail, in 1915 head office complained of the 'extravagance' of C.W. Southey in buying a motor car. The offending tenant was told that CSR would not continue to finance him if he kept the car.⁵⁵ The issue of new leases on easier terms in 1913 was accompanied by instructions from Knox that future

advances to tenants were to be made in a more discriminating way. Greater attention should be paid to the quality of work.

The Board thinks that the system of guaranteeing to the tenants a comfortable life, whatever the results of their work, has been an important factor in bringing about the failure of so large a proportion of the occupants of the plantations to make them pay, for it is evident that once a man begins to lose ground his easiest course is to let things go and live on his allowance.⁵⁶

The practice of making separate advances for living and cultivation expenses was stopped. A single advance was made in the hope that if tenants failed to work their land efficiently, the reduction in the balance left for living expenses would encourage improvements to be made. Credit was seen as a lever with which to lower the cost of cultivation by increasing efficiency on plantations. At the back of Knox's mind was the hope that the company would eventually be able to reduce the price of cane.⁵⁷

CSR's control over planters was considerable but not absolute, and was greater over tenants whose land it could resume than over contractors who could sell their property, or perhaps switch to another crop. Around 1912 there were examples of planters using CSR advances for purposes other than they were intended, such as the development of profitable side-lines in dairying or growing rice. There were instances, too, of CSR failing to prevent planters accumulating debts of a size they could never repay. By 1911 the company had had to write off £2,000 to £3,000 advanced to Waring, a planter on the Rewa, and there were fears that the amount lost could rise to twice that.⁵⁸ Yet these were the exceptions, and when matters did get out of hand the company could always resume land or take over the crop against which a loan had been made. However, CSR had less control over the political activities of planters. Though it threatened to withhold advances if they publicly criticized the company,⁵⁹ it could not prevent them voting for J.B. Turner, a long-standing critic of CSR, in elections for the Legislative Council after 1908. Sir Everard im Thurn (governor, 1904-10) believed that the company had great difficulty controlling the views of its tenants 'in any matter outside sugar growing'.⁶⁰ Nevertheless, taken over all, CSR's control of planters was so great that Turner,

representing the Rewa, had good cause to complain in 1911 that tenants were little better than employees of the company.⁶¹

The result of this tight control was that CSR realized its aim of getting cheaper supplies than if it had grown the cane itself. Though it is impossible to quantify this because the necessary figures are not extant, it is clear from CSR correspondence that the cost of company grown cane at Nausori in the 1880s and 1890s was substantially higher than purchased supplies. In 1895 Farquhar told Knox that he thought CSR could eventually grow cane on the Rewa for 12s 6d a ton, the price paid to planters, but that it was impossible to do this at present.⁶² And, of course, the only plantations to be leased elsewhere at first were those that were uneconomic for CSR to farm. It seems, too, that labourers were better treated after 1908 when the rapid leasing of plantations began.⁶³ This averted the rise in labour costs which could have been expected following unrest among immigrants on CSR estates. Table 3.5 shows that there was no significant increase in the cost of cane to the company after 1908. At Labasa costs seem to have been actually reduced.⁶⁴ So it seems that one of the company's objectives in leasing estates had been achieved.

Table 3.5

Cost of cane (per ton) to CSR at the mill:
(average for all Fiji)

	£	s	d		£	s	d
1905	4	16	9	1910	4	7	2
1906	5	5	3	1911	4	10	6
1907	4	2	9	1912	4	15	4
1908	4	9	0	1913	4	10	7
1909	4	9	7	1914	4	4	11

Source: CSR S.2.0/2/-.

Note: Includes the cost of purchased supplies as well as the cost of cane grown by CSR.

CSR's political influence

CSR also realized the hope that planters could be used to increase its influence with government. It believed

that the economic viability of the industry largely hinged on government adopting favourable policies on taxation, labour, land and so on. The company tried to ensure this — but not mainly by working through the Legislative Council, though in 1884 when members were all appointed by the governor it did welcome the nomination of its Nausori manager, Mr R. Robertson, on the grounds that he would be able to protest against acts of injustice and obtain earlier and more reliable information about immigration and the like.⁶⁵ However, when elected European representation introduced in 1903 and Sir Henry Jackson suggested that one member of the Council might be elected by the sugar companies, the opposition from CSR was so great that the idea of separate representation for the industry was dropped. Knox feared that the member might be regarded as a delegate rather than a representative, while 'the separation of the particular industry in the way proposed would be held to warrant the assumption that the welfare of the Colony and of the two companies concerned was not interdependent'.⁶⁶ Thereafter, CSR's intervention in affairs of the legislature was so slight that im Thurn could write in 1909 'that the influence of the Company as a body in the Legislative Council is less than that of many individuals other than sugar producers'.⁶⁷ Instead, CSR preferred to exert influence by dealing with officials direct. After all, it was they who made the final decisions. With its automatic majority in the Legislative Council, government could enact any measures it had decided upon. To try to alter policies after they had been agreed and placed before the Council was much less effective than lobbying quietly while they were still in preparation. And CSR could lobby with great effect. It could argue that help for the industry would not merely benefit the sugar companies but would assist the numerous planters dependent on cane for their livelihoods.

One example of the political advantage to CSR of having other planters interested in sugar occurred in the 1880s and 1890s. Though cheap labour was always important, in years of falling prices and high cultivation costs the need to reduce labour expenses was particularly great. Planters, as well as plantation managers under pressure from head office, were desperate to make economies, and found that they could do this most easily by increasing the work-load of their labour and minimizing expenditure on coolie lines, medical facilities for immigrants, etc. In the 1880s CSR repeatedly asked officials to assist in this by amending legislation governing the conditions of indentured Indians, the company always putting its case in terms of the economic

disaster that would befall planters if labour costs were not reduced.⁶⁸ Though it is unclear how far government was influenced by the company's appeals, there is no doubt that officials were very worried about the plight of the small planter. Their concern was increased by fears that CSR would obtain a monopoly of milling, which would enable it to dictate the terms on which it bought cane.⁶⁹ In 1885 a scheme of deferred payments for immigrant labour was introduced specifically to help farmers with little capital, but they were unable to take advantage of it and only the large sugar companies benefited.⁷⁰ Concessions by government on labour questions would be made more in the interest of the small planter than of CSR.

So it was natural that at one stage the Agent-General of Immigration, Henry Anson, should consider reducing the statutory minimum wage of indentured labour, set at one shilling a day, because he found that planters could hardly afford to pay more than about eight pence.⁷¹ In the event, probably from fear that India would react by halting the labour supply, the minimum wage was not lowered; but at the same time — partly because of a shortage of staff as well as the economic position of planters — it was rarely enforced. Moreover, the tasks set for labourers were permitted to exceed the legal limit of six hours' steady work for an able-bodied adult male (three-quarters of this for a woman). The tasks became so heavy that in 1886 a series of labour disturbances broke out, causing government to pass legislation which curtailed the ability of immigrants to protest in support of grievances. The harsh treatment of Indians was reflected in high mortality rates, which in the mid-1890s produced fears that the supply of immigrants might be stopped. Having been warned of this in 1896 by government, the sugar companies made improvements in the ration scale, medical care and the like, though average wages remained below one shilling a day.⁷² Still, during the 1880s and 1890s when it was very difficult to make profits from sugar, CSR had been able to rely on government not to check the illegal efforts of planters and its overseers to reduce the costs of labour. At a most critical time, the existence of many planters in the industry had brought a big political advantage.

Another important gain to CSR was over the question of taxation. Government's concern for the well-being of planters in the 1880s was reflected in its tax policy. It was normal for colonial administrations to raise much of their revenue

through customs duties which, because the bulk of trade was conducted by Europeans, fell heaviest upon them. In 1890 Fiji's revenue totalled £66,817. Almost a third of this came from Fijian taxes, which reduced the amount that had to be found from other (mainly European) sources. Customs duties raised £26,159, and though most of this fell on Europeans, government minimized its impact by shifting part of the burden on to others. Thus breadstuffs at £10,331 in value and meats at £9,170 were two of the most important foodstuffs imported by the colony, but since they were consumed by Europeans they were admitted duty free. An equally valuable food item was rice, worth £10,193, but as this was imported by Indians it was taxed at 20 per cent.⁷³ The advantage to CSR was that by keeping down the cost of certain key imports consumed by Europeans, government reduced — if only slightly — the need to increase the price of cane from planters and the salaries of European staff.⁷⁴ Later, in 1898 when the economic circumstances of planters were beginning to improve, duties on breadstuffs and meats were introduced,⁷⁵ and in 1901 the duty on rice was reduced. But by then the latter was to the advantage of CSR, since with the lower cost of imports Indian rice growers would find it harder to compete with overseas supplies, and might sell cane to the company instead.⁷⁶

More significant was the fact that the new cane contracts issued by CSR in 1898 and 1899 stipulated that any fresh taxation imposed on the industry would have to be borne, at least in part, by suppliers of cane.⁷⁷ CSR used this to great effect in 1911, when government was being pressed by non-officials in the Legislative Council to introduce an export tax on sugar. Sir Henry May (governor, 1911-12) told the Colonial Office that though CSR made large profits and was lightly taxed, he was reluctant to impose export duties lest they be transferred from the company to those who grew cane. Nevertheless, to raise the required revenue government quadrupled the tariff on sugar sacks and introduced a Buildings and Hut Tax.⁷⁸ CSR estimated that these measures combined represented a loss of one shilling in the pound on its net profits. It warned that though they would not be passed on to its suppliers, in future any extra tax on the industry would.⁷⁹ In fact, the company had been rather fortunate. Instead of raising additional revenue with a selective tax increase on sugar companies, government had spread the burden more widely. General *ad valorem* duties were increased from 12½ to 15 per cent, while under the Buildings and Hut Tax, Indian householders

had to pay a direct tax for the first time — ten shillings a year.⁸⁰ In effect, CSR had been spared the political embarrassment of transferring part of an export tax on sugar to cane growers.

After 1908 the company's ability to use planters to strengthen its position with government became increasingly important. Officials felt that CSR was obstructing the development of the colony. For example, in 1912 CSR refused to make land available for a township between its Lautoka wharf and the mill. It would only provide land at Namoli which was further away from the mill, and which the company preferred because a settlement there might

later on clamour for better shipping facilities than are available at our wharf, and a second wharf may then be provided, ridding us of our obligations to accommodate the public, which is the main object we desire.⁸¹

Despite opposition from government at first, CSR had its way. A township was started at Namoli,⁸² now the centre of Lautoka, and many years later a separate wharf was built to handle non-CSR traffic. The large bulk sugar store today stands on the site which government had wanted for this township. At the same time the company was busy opposing government plans, which never materialized, for a railway to be built from the upper Rewa to Suva. Officials saw the rail as a means to develop new crops in the district and bring additional trade to the port of Suva: CSR feared the scheme would be a financial disaster. The rail would either have to be subsidized from public funds which might mean higher taxes on producers, or else to make it economically viable government might have to force the company to use it, making redundant the latter's investment in tramlines, punts and shipping facilities at Laucala Bay.⁸³

There were disagreements, too, about public rights on CSR's tramways. In 1913 the company proposed to stop carrying seed cotton on its tramline from Nacobi to the Government Experimental Station at Lautoka. The local mill manager explained that since the cane area had proved to be smaller than expected, the company did not want other crops grown on land which was available.⁸⁴ Since CSR's lines were virtually the only means of communication in areas served by its mills, officials were angered by what they saw as an unreasonable obstruction of efforts to

diversify agriculture. This aggravated disputes about the company's responsibilities to the public in the use of its lines — whether CSR or the public should have prior right-of-way on the narrow bridges which carried road alongside rail transport; and whether CSR could be held responsible for the safety of the passengers it had agreed to carry free of charge in return for a lease of native land in 1905, the origin of the free passenger service which still operates today. After bitter discussions, during which the company feared that government had taken the first step toward securing control of its lines, compromise was reached whereby CSR promised to protect the public's safety and government agreed to limit its interference in the operation of the company's trains.⁸⁵

The result of these disagreements was a trial of strength between officials and the company over the terms on which native leases for tramlines should be issued and existing ones renewed. The dispute revealed the extent of CSR's influence on government. Instances such as the company's refusal to carry cotton on its lines, its opposition to the proposed Rewa railway and its resistance to government intervention on grounds of public safety in the running of its trains alerted government to problems that could arise from the situation in which CSR (and the other two sugar companies) controlled the only rail lines in the colony. It was possible in future that CSR's tramlines would interfere with railway development planned by the government, or that officials might want to negotiate with the company certain rights for the public on its lines. To strengthen its hand should the need arise, the Fiji government proposed in 1912 that new tramline leases and the renewal of old ones should be for fifty-year terms, with government having the option to buy the line at a valuation after the twenty-fifth year. In 1913 the Colonial Office went further and proposed that, if agreement could be reached with CSR, in all new leases or renewals there should be a clause giving government the option to acquire the whole of the company's tramway system after twenty-five years. If CSR strongly opposed this, the power to purchase should be applied only to rails in the district where the particular lease was located. CSR was horrified by the possibility of government taking over its lines, for by owning the means of communication between cane grower and miller government would have been able to exercise substantial control over the two parties. Even if government never actually acquired the lines, the threat to do so would have greatly strengthened

its position in future relations with CSR. At stake was the extent to which the company's influence in Fiji was to be limited by government, or by other interests in the colony working through government.⁸⁶

CSR's negotiating position in the matter was greatly strengthened by fears in the Colonial Office about the 'outcry from the growers affected' that would follow a refusal by the company to renew, on the terms proposed by government, tramway leases that were due to expire.⁸⁷ Consequently, when Knox visited the Colonial Office in 1914, he was able to persuade officials to drop the requirement that renewals and new leases should contain an option for government to purchase company lines after twenty-five years. This was important for CSR since it meant that no principle had been sacrificed. In any future discussions on government control over tramlines, the company's position would not be weakened by having conceded the principle some years before. But Knox had won no more than a tactical victory. Existing leases which expired before 1920 were to be renewed for only twenty-one years, and government was to deal with new leases on their merit.⁸⁸ CSR had not obtained the fifty years' security it sought, and official policy on the renewal of leases after 1920 remained open. Though CSR was not told of the fact, the Colonial Office planned to review the whole question in 1920. Yet the review never occurred, or if it did no decision was taken that would hurt the company, for by then the sugar industry was facing its most serious crisis since the 1880s.

In 1916 India had halted the supply of indentured labour, putting at risk the whole future of the sugar industry which had traditionally relied on cheap labour. Government and CSR reacted by co-operating in the settlement of Indians on the land, not only so that they would grow a much larger quantity of cane than they had hitherto, but also to make conditions in Fiji sufficiently attractive to persuade India to permit emigration, in some form, to be resumed after the war. This was seen as essential to prevent the industry going into decline and with it the level of economic activity and the size of government revenue.⁸⁹ So officials were unwilling to take action on tramway leases which might cause CSR not to renew, and thereby hinder the settlement of Indians. It would be interesting to know what would have happened if the planned review of leases had occurred in less critical circumstances. Would the Colonial Office again have been influenced by a desire to avoid an outcry from the planters, and would CSR once more have benefited

from having planters involved in the industry?

The tramline question illustrated very well the ability of CSR to increase its political leverage by identifying its interests with those of the planters. The company could then use this influence to obtain through government subsidies from other groups in the colony — from labourers who had to work longer hours and at lower wages than the law stipulated; from the community at large which had to pay higher taxes than might otherwise have been the case. By 1914 dependence on others for cane had yielded the company a handsome political return.

The fruits of CSR's investments

During the 1880s Dr T.P. Lucas claimed that sugar companies in Fiji were 'continually harvesting money and sending it abroad, draining the country'.⁹⁰ Wanting a larger share of the benefits from sugar, many Europeans might have agreed. Yet in fact European interests had done well from sugar. Though many of the early planters had left the colony, new settlers had arrived and had generally prospered. Plantation overseers had bettered their position by becoming tenants of CSR. The example of Waring, quoted by Turner in 1911 to demonstrate the plight of these tenants, was exceptional. He had leased CSR's Vuci Maca estate in 1904. Since then he had broken his agreement with the company by keeping part of the land suitable for cane under grass so as to augment his income from dairying. He had invested very little in the venture, so that what he had lost had been mainly advances from CSR.⁹¹ The company admitted that its Labasa tenants had made 'an unfortunate start', but argued that under leases to be issued in 1913 they should be able to do reasonably well.⁹² In 1914 head office commented on 'the general improvement' in the finances of planters on the Rewa, and noted that of eighteen contractors and tenants around Rarawai eleven had been able to reduce their CSR debts in 1913 to some extent. One of them, H.G. Carr, had made a profit of over £4,000 from his Mataniqara estate, a result considered 'phenomenal' by CSR.⁹³

The growing prosperity of planters provided merchants with an expanding market. In 1911 perhaps over 10 per cent of Europeans in the colony were directly engaged in the cultivation and processing of cane,⁹⁴ while others were

indirectly dependent on sugar. Naturally, merchants wanted to increase the size of their market. Some were dissatisfied because CSR itself imported supplies, which were often cheaper than what local merchants could offer since the company ordered in bulk for its Fiji and Australian operations together. By 1912 Henry Marks and Maynard Hedstrom, both members of the Legislative Council, had been annoyed by the company's refusal to buy certain goods from them. Lautoka storekeepers, represented in the Council by Charles Thomas, had lost part of their trade when CSR set up its own butcheries in western Viti Levu. Merchant interests combined to seek, without much success, a redistribution of taxation away from the general public, who would then have had more to spend locally, toward the company whose custom was to spend abroad.⁹⁵ Yet whatever their differences with CSR, no one could deny that merchants had greatly benefited from the economic stimulus provided by its operations.

CSR had also gained — but in terms of profits from milling not by a very large amount. Table 3.6 summarizes information available on the company's profits from 1887 to 1911. The circumstances in which, and for whom, these figures were compiled are not clear. They may have been designed to convince officials that CSR's profits in Fiji were not excessive (Knox certainly quoted them for this purpose), in which case they may understate the true position. Nevertheless, taking the figures at their face value, CSR's annual average return on capital was 3.38 per cent from 1887 to 1891, 6.88 per cent from 1892 to 1901 and at least 8.4 per cent from 1902 to 1911; the last figure was slightly higher in fact, because CSR 'sold' sugar to its Australian and New Zealand refineries at less than the open market value — a practice known as transfer pricing. Overall, from 1887 to 1910 returns averaged 7.65 per cent, which was below the average for all CSR's sugar milling activities in Australia and Fiji (10.45 per cent). Actually, returns were lower still since the 7.65 per cent makes no allowance for depreciation. Taking this into account, returns were around 6 per cent. Profits subsequently increased, however. For the six months ended 30 September 1910, the first time comparative figures are available, CSR's Australian business (refineries and mills) yielded a net profit of £126,714: the profit from its New Zealand and Fiji business was £70,000. For the six months to 30 September 1914 the respective profits were £121,360 and £135,000.⁹⁶ Since the improvement in the New Zealand and Fiji business had not been accompanied by extensive capital investment, percentage returns on

Table 3.6
Profits from CSR's Fiji mills, 1887-1911

Year	Capital	Actual profits		Profit if sugar sold on open market ^a		
		Total profits ^b	Profits as % on capital ^c	Total profits ^b	Profits as % on capital	Profits from CSR's milling activities as a whole
1887	667,000			21,132	3.17	6.45
1888	671,957			19,628	2.92	2.72
1889	694,786			9,993	1.44	5.83
1890	708,545			30,194	4.26	11.99
1891	729,106			36,226	4.97	7.84
Annual average ^d 1887-91	694,279			23,435	3.38	7.04
1892	740,302			24,534	3.31	11.47
1893	753,190			20,119	2.67	11.02
1894	923,307			92,717	10.04	15.01
1895	930,764			35,708	3.84	6.28
1896	906,396			62,266	6.87	11.66
1897	911,323			59,949	6.58	10.95
1898	914,350			73,090	7.99	10.65
1899	953,623			83,221	8.73	8.00
1900	978,017			92,525	9.46	10.26
1901	1,006,380			76,118	7.56	11.32
Annual average ^d 1892-1901	901,765			62,025	6.88	10.63
1902	1,073,125	43,024	4.01	42,483	3.96	6.39
1903	1,559,523	126,396	8.10	128,073	8.21	8.38
1904	1,614,129	243,590	15.09	249,596	15.46	18.02
1905	1,690,859	107,683	6.37	112,045	6.63	12.77
1906	1,830,546	36,171	1.98	43,989	2.40	5.85
1907	1,959,419	144,209	7.36	192,227	9.81	11.93
1908	2,053,460	140,806	6.86	178,546	8.69	9.76
1909	2,050,805	223,587	10.90	264,187	12.88	13.85
1910	2,052,953	193,307	9.42	222,905	10.86	13.30 ^e
1911	2,295,166	245,708	10.71	N/A	N/A	N/A
Annual average ^d 1902-11	1,873,478	157,397	8.40	Annual average 1902-10 167,021	8.92	11.27
Annual average ^d 1887-1910	1,182,244			90,478	7.65	10.45

Source: CSR A 3.0/2/19; CSR F 1.0/2/4.

Notes: ^aOpen market price based on price CSR paid for sugar from Penang mill.

^bIncludes profits from plantations, and after 1901 rents received from leasing estates: but excludes depreciation.

^cExcludes working capital and stocks.

^dNo allowance made for changes in general price level.

^eApproximate only.

capital must have risen (though it is impossible to say what the returns were because exact figures for the value of the New Zealand and Fiji assets are not available). As most of the capital employed was in the Fiji mills, it is likely that much of the improvement was due to better results from Fiji.

Still, taking the figures overall, it seems that CSR's profits in the colony were very modest. The average return after depreciation of around 6 per cent compared unfavourably with the 6-9 per cent charged on overdrafts between 1887 and 1910 by Australian trading banks.⁹⁷ Yet the risks involved in sugar production were much higher. As Knox said, 6 per cent was well below what could have been considered a reasonable return.⁹⁸ Despite this, the company steadily increased its capital outlay in Fiji. By 1905 it had sunk more into the manufacture of raw sugar there than it had in Australia.⁹⁹ Why was this? The reason appears to have been that the small returns from milling, caused by the low world price of raw sugar, were offset by high returns from refining, due to the low cost of sugar inputs. Thus overall CSR's profits were satisfactory. The company paid a dividend of 7 per cent in 1888. By 1891 this had risen to 10 per cent, at which level it stayed till after 1914. In addition, from 1910 to 1914 a bonus was paid, the size varying. Yet with the price of raw sugar so low, CSR's total profits would have been higher still if it had not owned the mills. Why, then, did it increase its milling capacity? The answer probably lies in the company's desire to reduce risks. There was no guarantee that raw sugar prices would remain depressed. If they increased (as they did during World War I), refining margins would be reduced; by producing raw sugar, CSR could set against this the larger profits from milling. So although by 1914 in terms of the return on capital gains to CSR from Fiji had been quite small, the company felt this was outweighed by the advantage of evening out profit fluctuations so as to lessen risks.¹

Despite the gains to European interests, the industry's spread effects on the Fiji economy was limited by the leakage abroad of much of the income created by sugar. From 1887 to 1910 CSR's profits (excluding depreciation) totalled £2,171,471, just over the £2,052,953 it had invested in the colony by the end of that period. Most of this was remitted overseas. To this, of course, must be added European earnings which were repatriated either as savings or through the purchase of imports; for European consumption consisted

mainly of imports — processed food, alcohol, certain luxuries, etc.² Furthermore, much of the value in the final products from sugar was added outside Fiji — through the costs of shipping, refining and so on. True, a distillery to process molasses, a by-product of raw sugar, had been established at Nausori in 1893 but, following Australian federation and the introduction of protectionist trade policies, it was closed in 1903 so that a much larger one could be built at Pyrmont, Sydney.³ Apart from ensuring a market for Fiji molasses, the latter enjoyed the economies of scale afforded by processing molasses from Queensland, New South Wales and Fiji all in the one plant, and was closer to the market which reduced transport costs. Proposals after World War I that a distillery should again be established in Fiji — not necessarily by CSR but by other European interests — were to meet with successful opposition from the company. It controlled the supply of molasses and refused to write off what it had invested to process Fiji's molasses in Australia⁴ — an excellent example of the disadvantage of capital specificity stressed by George Beckford and others.⁵

So the economy did not gain — through the creation of jobs and additional government revenue, for example — from much of the income generated from the processing of sugar. Nor were the gains as large as might have been expected from the infrastructure constructed by CSR. The tramway system was very extensive, yet the company refused to allow its use for the promotion of diversified agriculture in cane districts. This reduced the opportunity for Indian settlers in particular to increase their incomes by growing crops whose returns were higher than cane, or whose inputs were complementary to cane so that they could be produced in a system of mixed farming. Finally, as noted in Chapter 2, the industry's dependence on cheap labour meant that rewards were too small to attract many Fijians into sugar production, while Indians suffered from the control over labour costs which created conditions that even contemporaries realized were appalling.⁶ Whatever the advantages of CSR's investments, then, it was not surprising that on the eve of World War I many felt that Fiji was getting from raw sugar a raw deal.

Chapter 4

Indian settlement, 1884-1912

A remarkable development in the Fiji sugar industry was the transfer of plantations from the hands of Europeans to those of Indian smallfarmers. The process occurred in three stages. During the first, up to 1912, Indian settlement was seen as a way to augment the supply of labour on plantations. During the second, from 1912 to 1923, settlement came to be seen as a substitute for plantation labour while in the third, from 1923 to 1939, there were efforts to ensure that this substitute was effective. The important point was that settlement was promoted in ways that would benefit plantation enterprise, particularly CSR. The result was that though Indians were better off as growers than they had been as plantation labourers, the advantage of settlement to them and to the rest of the colony was limited by the subordination of their interests to the needs of plantation enterprise.

The first phase began in 1884 when the original shipload of Indians to Fiji completed their terms of indenture, which were set at five years plus any extensions imposed as punishment by a court. Once their indentures had expired immigrants were free to leave the plantations where they had worked and seek alternative employment. They could become free labourers, traders or farmers in their own right. They could re-indenture if they wished (but not after 1912), or else they could return home at their own expense. But if they stayed in the colony for another five years, making ten in all, their return passages to India would be paid for by government. In the event, about 60 per cent of migrants chose to remain permanently in Fiji, and by 1911 three-quarters of these were living on the land as owners or tenants, nearly always in districts where sugar was grown.¹ A similar process of Indian settlement occurred in British Guiana, but there settlers were seen as a threat to plantation interests because they competed for scarce resources of land and labour.² In Fiji, on the other hand, though Indian

acquisition of land led to a rise in values which often infuriated planters who were trying to extend their holdings,³ settlement was encouraged largely in the hope that it would contribute to the development of plantation agriculture.

Indians on government settlements

Government saw Indians mainly as a source of labour for plantations. Thurston expected that they would continue to work for planters for at least five years after their indentures expired. CSR had similar hopes, believing that the re-indenture of time-expired immigrants would help overcome the acute shortage of labour in the mid-1880s.⁴ But the company was soon to be disappointed. The Indian Immigration Report for 1886 commented on the reluctance of Indians to enter into further contracts of service once their indentures were over. In 1892 of the 2,400 male time-expired Indians in Fiji, only 250 had been re-indentured. This was significantly fewer than in 1890 and 1891.⁵ The reason was simple. Though CSR wanted Indians to re-indenture, it was not willing to pay wages high enough to persuade them to do so. Indeed, it was determined to limit the upward pressure on free Indian wages caused by the shortage of labour. In March 1887 Knox asked the Nausori manager to arrange with planters on the Rewa for wages of free labour not to exceed a shilling a day, since 'it would never do to let the coolies get the idea into their heads that they were to be sought after by the masters'. Within three months such an agreement had apparently been reached, causing one or two planters to reduce wages by six pence.⁶ The result was that Indians began to drift away from plantations as their indentures expired.

At first they migrated toward the towns, especially Suva, where they hoped to find jobs. To counter fears of vagrancy and of a fall in property values should Indians settle near Europeans, government established in 1887 an Indian settlement at Vatuwaqa outside Suva, to be followed soon after by a second one at Samabula. The object, Thurston recalled, was that Indians 'should be able to live near Suva and so form as they wished to form a not distant working community'.⁷ They were to provide labour for urban, but not plantation interests. Yet since there were not enough jobs for everyone, as more immigrants completed their terms of indenture a greater number began to settle on land around plantations. The advantage of this to planters was that

with their livelihoods based on land, settlers might be more prepared to accept off-farm employment than to re-indenture on a full-time basis. The number of indentured labourers on an estate could then be reduced, saving planters the cost of importing Indians and the expense of maintaining a large labour force at a time when there was little work for it. They could turn to free Indians when they needed additional labour for the harvesting and milling of cane. Perhaps to attract this labour, planters could even afford to pay on a daily basis more than for re-indentured immigrants, since they would not have to meet labour costs in the slack season when their men were underemployed. As the Nausori manager, R. Gemmell Smith, told the Colonial Secretary in 1893: 'To work a sugar plantation with indentured labour solely will in my opinion never pay any planter, and I do not think it is done in any other country but in Fiji.' But the extent to which Indians would seek work largely depended on the size of their farms, as well as on the seasonal work requirements of their crops. If holdings were big, farmers would not only have little time to become wage-earners themselves: they might even become employers of Indians, thereby competing with planters for labour. Already in 1893 there were instances of this. Gemmell Smith complained that the wages of free immigrants were being pushed up by Indian employers.⁸ Ten acres were regarded as the absolute maximum that an Indian could be expected to work with family labour. If the size of farms could be kept below this it was likely that settlers would form a pool of labour ready to work on plantations or in the mills.

The potential advantage of having Indians settled close to plantations helped overcome official reservations about government assistance for immigrants who wanted to obtain land. Anson had feared that the immediate result of granting land to Indians would be 'to draw a certain proportion of Free Coolies from the Plantation work at the time when labour supply is scanty'.⁹ A proposal from Labasa in 1893 that government help Indians find land once they had completed their indentures was rejected for this reason.¹⁰ Nevertheless, a proposal that government encourage Indians to settle near plantations was discussed in 1887, two years before government became liable for the repatriation of the first immigrants brought to the colony, in 1879. Government's responsibility for this arose from its commitment to pay one-third of the total cost of transporting indentured labourers to and from Fiji. Officials were concerned because at existing rates there would be enough in the Return Passages

Fund to pay only 60 per cent of the cost of returning these Indians. If they all exercised their right to a free passage, the balance of the cost would have to be met from general revenue, possibly leading to an increase in taxation which would be against plantation interests. It was also argued that far from drawing labour away from plantations, Indian settlements close to them would be 'a great convenience to the employers of labour'.¹¹ Anson, himself, was certain that the retention of Indians in the colony was 'a matter of the highest importance, the labour supply being limited'.¹² The question was how to achieve this. He opposed any action to force a rise in the wages of free Indians; though it might have encouraged them to remain in Fiji, it would have been against the interests of planters who could not afford more than the current rate. Instead, Anson suggested that part of the return passage money be offered to Indians if they re-engaged and stayed in the colony.

Yet more than a cash inducement was needed to persuade immigrants not to leave: grants of land were also required. So, in 1888 government announced that Indians who had been in Fiji for more than ten years would be allowed to commute their right to a return passage in exchange for a gift of land and an allowance equal to the cost of a passage home, to be paid mostly in kind (seed, food for six months, etc.). That the allowance was to be equal to the cost of a return passage, and not less as Anson had proposed, implies that the desire to minimize drawings from the Fund was no longer a principal aim of the scheme. Rather, as shown by the limit of five acres on the grants of land, the intention was to retain in Fiji a permanent supply of casual labour.¹³ However, no Indian took advantage of the scheme. At the time officials attributed this to the reluctance of immigrants to forgo their right of free passage, which provided a form of escape should fortune turn against them.¹⁴ Indeed, it seems that the majority of the first 480 Indians to arrive in Fiji chose to return home. From 1879 to 1889, 771 Indians left the colony. Among them were children born in Fiji who returned with their parents, those repatriated because they were unfit for service, and those who travelled at their own expense because they had been in the colony for under ten years but could stand it no longer.¹⁵ With its first attempt to settle Indians a failure, in the early 1890s government refused to try again.

In 1896, however, the matter was considered for a second time. The Colonial Office feared that the conditions

of indentured labour, as recorded in the 1894 Indian Immigration Report, were so bad that the Indian government might wish to stop further recruitment for the colony. In a despatch commenting on the report, the Secretary of State noted that it contained remarks

as to the difficulty experienced by free labourers in renting or purchasing land for settlement. This is a matter of importance to the future of immigration into Fiji, and you should see that every possible facility is afforded to the immigrants for this purpose.¹⁶

The despatch coincided with the growing importance attached by officials in Fiji to settlers as a source of labour. In 1897 Sir Henry Berkeley, the acting governor, suggested that the commutation of return passages in exchange for land should be tried once more, and that government should assist those in India who wanted to migrate to Fiji as free settlers. He hoped that the latter would come in such numbers as eventually to remove the need for indentured labour, thus saving planters the cost of importation.¹⁷

The new governor, Sir George O'Brien (1897-1902), rejected Berkeley's proposals on the grounds that there was not enough unoccupied land near the mills on which to put settlers, at least on the scale proposed by Berkeley. Though plenty of small plots for individual farms could be found, it would have been more difficult to obtain sizeable areas of good cane land suitable for settlement. Most of the first-class land was already occupied by plantations; the rolling country (inland of the flats) on which cane is now grown was not regarded as potential cane land till much later. The expense of bringing over free Indians was another reason for rejecting Berkeley's proposals. O'Brien opposed, too, the idea of commuting return passages for land, since this would only encourage those without capital to stay. The type of person the colony should attract, the governor argued, were Indians leaving Fiji with up to £30 or more in savings. So instead of Berkeley's ambitious scheme, he put forward the more modest suggestion that an Indian Settlement Fund be created to acquire what blocks were available for lease to Indians on easy terms. The Colonial Office agreed, £5,000 for this purpose being taken from surpluses which by then had accumulated in the Return Passages Fund.¹⁸ CSR was told that 'The Governor believes that the success and extension of such a scheme would result in the cheapening of labour.'¹⁹

Settlements were nearly always developed on lines which benefited planters, partly because officials were naturally sympathetic to plantation interests and partly because CSR had tremendous influence in the economy. If necessary, as when it later refused to carry cotton from Nacobi to the Experimental Station at Lautoka, the company could use its tramlines to hinder the cultivation of crops which might compete with planters for land and labour.²⁰ One settlement scheme at Ba failed because it did not have the support of the local mill manager. In late 1897 government proposed to settle Indians on a block of Fijian land at Nanukudrala. Since it was intended that settlers should grow cane, the attitude of CSR was crucial. The company itself had been trying to secure the lease of Nanukudrala for several years because land was of good quality and close to the mill. It offered to buy cane from Indian settlers and help them with cultivation if it was given Nanukudrala and if the Indian settlement was located further away from the mill, below Varoko, one of CSR's outer estates. It also promised to extend a tramline to the settlement, at a cost of £750 if, instead of being under government control, the settlement was supervised by the company which would lease land to Indians in five-acre plots. The transfer of leases would be permitted so long as CSR had the right to approve incoming tenants — a provision that would have enabled the company to prevent transfers if it wished. This in itself was enough to make the scheme unappealing to Indians, for whom one of the main attractions of holding land was the prospect of being able to sell the lease and return home if they wanted, or else to use it for speculative purposes. By May 1899 there had been no applications to lease, and officials suspected that CSR had never intended making the scheme a success. They were probably right, for though Knox was eager for Indian settlement to progress, E.W. Fenner, the Rarawai manager, was less enthusiastic; he doubted if it would yield worthwhile results. Under the terms of its arrangement with government, CSR could take over the land if it had not been settled within three years. Fenner seized the opportunity to do this and to complete the conversion of a Crown settlement into a company estate.²¹

This was an exception. Other settlements were established more easily. The first was at Labasa, but by 1914 there were eighteen in the colony altogether, mostly near mill centres or the towns (see Table 4.1). The majority were established between 1897 and 1906, before the Indian Settlement Fund was merged into general accounts and the

Table 4.1
Government Indian settlements in Fiji, 1913

Name of settle- ment	Year	Leasehold or Crownfreehold	Locality	Island	Area of settle- ment	Area of grazing land	No. of allot- ments	No. of allot- ments occupied	No. of allot- ments vacant	Average area of allot- ments	Rent per acre	Annual Rent paid to natives for leasehold
					acres	acres				acres	£. s. d.	£. s. d.
Vatuwaqa	1887	Crownfreehold	2 miles from Suva	Vitilevu	161	—	85	58	27	2	20. 0. 0	—
Samabula	1889	Do.	Do.	Do.	324	—	165	136	29	2	15. 0. 0	—
Signal station	1890	Do.	1½ miles out of Suva	Do.	39	—	21	21	—	1¼	20. 0. 0	—
Kalabo	1906	Do.	Suva-Rewa Road	Do.	729	—	185	112	23	5½	3. 0. 0	—
Nasinu	1906	Do.	Do.	Do.	569	—	77	67	10	7½	3. 0. 0	—
Wainabuka	1907	Do.	Do.	Do.	730	—	117	63	54	6	3. 0. 0	—
Bulileka	1899	Do.	Near Labasa	Vanualevu	462	1,292	154	129	25	3	7. 6. 0	—
Boubale	1900	Do.	Do.	Do.	189	1,070	65	65	—	3	7. 6. 0	—
Raranika- wai	1901	Do.	Do.	Do.	155	896	55	41	14	3	5. 0. 0	—
Wainikoro	1903	Leasehold	12 miles from Labasa	Do.	404	985	137	129	8	3	7. 6. 0	97. 0. 0
Navutuv- utu	1906	Do.	8 miles from Labasa	Do.	61	—	19	18	1	3	7. 6. 0	15. 5. 6
Naqalini	1907	Crownfreehold	Do.	Do.	63	—	21	21	—	3	10. 0. 0	—
Lolotua and Nacawa	1910	Leasehold	District of Dogotuki	Do.	132	—	38	—	38	3	6. 0. 0	18.11. 4
Tokatoka	1901	Crownfreehold	Near Navua mill	Vitilevu	228	—	76	76	—	3	7. 6. 0	—
Namau	1908	Do.	10 miles up the Ba river	Do.	149	2,000 (approx)	30	18	12	5	7. 6. 0	—
Koro No.1	1911	Do.	8 miles from Tavua	Do.	588	4,000 (approx)	117	34	83	5	5. 0. 0	—
Nacobi	1913	Do.	Nadi	Do.	321	745	58	—	58	5	10. 0. 0	—
Qeledra- dra	1913	Do.	Tavua	Do.	35	471	7	5	2	5	10. 0. 0	—
					5,349 acres	11,459 acres	1,377	993	384			

Source: Cmd. 7744-5 (1914), Appendix 43.

momentum to expand settlements was lost.²² Judged on acreage, government's contribution toward the settlement of Indians was not great, but in terms of the numbers involved it was more significant. In 1909 between 882 and 930 Indians occupied up to 2,500 acres of Crown settlement (excluding grazing land), while 1,123 Indians were said to have leased 11,928 acres direct from Fijians.²³ The size of allotments on government settlements rarely exceeded seven and a half acres, the norm being just under four. Tenants were forbidden to hold more than one block so that land would not be concentrated in a few hands. This prevented the emergence on settlements of comparatively large-scale farming, which by creating a demand for wage labour would have competed with plantations. In fact, farms were so small that for parts of the year settlers were likely to become wage-earners themselves. Planters stood to gain in another way. Rents on government settlements were lower than for leases of Fijian land. They generally ranged from 3s to 7s 6d in 1908, against 10s to 30s an acre (plus a large premium) for land leased direct from Fijians. Subletting was forbidden, preventing rents from rising in this way.²⁴ Consequently, because rent was a major expense for Indians, the cost of producing cash crops on government settlements was reduced. Though the surplus available for sale was limited, competition from lower cost producers on Crown settlements may have encouraged other Indian farmers to minimize their expenses, especially around the turn of the century at Labasa where a large proportion of free immigrants grew rice and other food crops on government settlements.²⁵ Gradually this influence on price was reduced as the number of Indians outside the settlements increased. Yet at least for a time settlements may have helped stabilize the cost of living, perhaps even causing a rise in real wages at no cost to the planters.

Indians on European land

The advantages of Indian settlement were so great that planters themselves began to encourage it on land under their control. As well as having a supply of labour close to the plantation, they wanted to benefit from the frequent ability of Indians to grow crops more cheaply than Europeans. Settlers had lower capital costs because their cultivation tools were rudimentary and they had no need to erect office buildings and the like. Nor did they have to make a profit on top of both wages and the cost of supervision as did companies like CSR, or a profit in addition to wages alone

as did the smaller European planter. For the settler who was not normally an employer of labour, profits and wages were indivisible. Moreover, since his money expectations were lower, the income an Indian was willing to accept from his land was considerably less than a European's. This was largely because he had few alternative occupations. Wage employment, the main option, was not well paid — say 1s 6d a day including a bonus if the labourer re-indentured — and farming was likely to be attractive even if immediate returns were no higher than that. Apart from having the satisfaction of being self-employed, if land was held as freehold or leased on reasonable terms, settlers had a form of security against bad times ahead. As a growing number of Indians tried to obtain land which was relatively scarce, in a period of rising values the farm — however small — was also a form of investment. Speculation through the transfer of leases at a profit was very popular among Indians, and may have encouraged them to accept a relatively low current income from the land in the hope of a capital gain in future. The result was that Indians were often able to sell cane, or crops like maize, cowpea, rice and dhal needed as food for livestock and labour on plantations, for less than their existing cost to the planter.²⁶ Though there was a danger that the quality of produce would be low, there was also the opportunity for planters to benefit by obtaining cheaper supplies. In addition, they could supplement their income by leasing land that was uneconomic for a European to farm to an Indian whose costs and expectations were lower.

Some Europeans leased the whole of their plantations to Indians. In 1897 it was thought that the tenant of CSR's Tausa property on the Rewa could get £30 to £40 more than the rent he was paying for the land.²⁷ If plantations yielded only a marginal return, it paid their owners to sublet. The reduction in the price of cane in 1902 was expected by CSR to encourage the settlement of Indians by planters, 'some at least of whom will make more money out of leasing land to coolies than by cultivating it themselves'.²⁸ The majority, however, still found it profitable to grow cane on their own account. After all, if the whole of a plantation was settled by Indians, there was still the administrative responsibility of collecting the rent, resolving boundary disputes and ensuring that tenants cared for the soil in a way that, by maintaining its fertility, enabled it to continue supporting the rents being charged. Often it was just as easy for a European to farm the estate himself. Where this was the case, it was still worth while

to lease part of the land — often under share-farming arrangements which were popular on the Rewa. Indians would grow cane for a planter who helped with harvesting and ploughing, took over the crop for sale to the mill and after deducting charges for rent, assistance with cultivation and so forth, paid the balance of the proceeds to the grower.²⁹ Share-farming was less common in other areas, where it was more usual to find a European leasing isolated blocks that were expensive to supervise, or less fertile areas from which returns were low. In 1901, as indentures expired, planters were settling their labourers on hills surrounding estates where they grew cowpea at 1d a lb., maize and other crops needed on plantations. Settlers were expected to work for planters as necessary. One planter at Koronubu, Ba, was said to be charging 10s an acre in rent in 1905, and to be expecting his tenants to work for 1s 6d a task whenever required.³⁰

Indians were settled on plantations most extensively at Navua. Following the closure of Sharpe, Fletcher and Co.'s mill in 1884 and the failure of banana crops due to disease in 1893, large areas of European land became available for the cultivation of cane. Rather than do this themselves planters, many of whom were absentee landowners, leased their land to free immigrants. In 1894 the Fiji Sugar Co. Ltd offered to contract with Indians to buy their cane for three years. It promised to supply labour for harvesting and for some of their cultivation work, it provided tramline and trucks for the transport of cane to the mill, and on occasions it made loans to time-expired labourers who wanted to become growers. The cost of these services was deducted from the price of cane, which was initially fixed at 13s 6d a ton, higher than anywhere else in the colony. The issue of three-year contracts to Indians, unprecedented in Fiji, together with the availability of land, provided a tremendous spur to settlement, Indians coming from as far away as Labasa, as well as from Ba and the Rewa. The process was encouraged by government which, after an inquiry in 1897, legalized the company's previously illegal practice of assisting growers with labour indentured to its plantations. Land was usually leased in large blocks to Indians who sublet to others. The example of a seventy-acre native lease ('Nasasa') being sublet by a European to two Indians who re-subleased in twenty-two blocks, was fairly typical. Generally, land was held on one-year terms and farmed as holdings of four to five acres. In December 1896 the number of free Indian contractors was put at 107. By July of the following year

the total had risen to 270. There were in the same month 3,000 acres under cane, 1,000 being cultivated by the Tamanua Estate, 750 by Europeans and 1,250 by Indians. The amount of cane grown by free immigrants increased from 1,700 tons in 1894 to 32,500 in 1901 (see Table 4.2).³¹

The result was an economic boom in the district, European interests being the first to benefit. Merchants gained from an expansion of trade, which they assisted by making advances at high rates of interest (often over 30 per cent) to prospective Indian farmers and landlords. By 1904 A.N. Brodziak and Co., who ran the Navua Trading Co., had invested £20,000 to £24,000 as loans in Navua. Marks and Co. had also lent large amounts. The size of individual advances was often substantial. Marks and Co. were said to have lent £1,788 to a Mr Deoki, and £980 to Nundan Singh. Presumably the loans were used to obtain land for subletting. European property holders benefited by leasing their land at profits which often not only gave them a useful return but also enabled them to pay a European manager to supervise their tenants. Messrs. Corbett and Hunt's Togonalika estate was managed by J.H. Nicoll, while W.J. Robertson's Kabacake plantation was in the hands of R.D. Trazevant. Above all, there were advantages to the Fiji Sugar Co., which obtained cane that it could not have grown itself, either because costs would have been too high or because it could not have afforded the capital expense of preparing the land. The company had not yet made a profit, but hoped that the settlement of free immigrants would increase the mill's throughput and help it to start reducing its debts. The rapid expansion of Indian-grown cane also enabled the company to lower the price gradually (Table 4.2), so that growers experienced a fall in their standard of living. Noting the consequent threat of social unrest, in 1904 the Stipendiary Magistrate at Navua claimed that Indians had been encouraged to grow cane with a promise of 12s a ton and a £1 bonus for each acre planted. The response had been so great that the company had lowered the price to 10s, then 9s and now, with almost twice as much cane as the mill could crush, Indians

are given any price the company likes. The issue is serious for if Indians get only 5/- or 6/- per ton, it will take them 4 or 5 years to pay off [their] present indebtedness ... [and] they will most certainly stop working if there is no hope of anything more than bare food for the next 4 or 5 years.³²

In 1904 Gemmell Smith believed that with an increase in capital expenditure and with its present policy of buying cane from Indians the mill ought to have been profitable.³³ On the other hand, the British Columbia Sugar Refining Co. Ltd, which bought, rebuilt and enlarged the mill in 1905, thought that returns would be increased by relying for cane not on Indians but on its own plantations. Its view was understandable. Too many interests seemed to be sharing the benefits of Indian cultivation — traders charging high interests on loans they advanced, planters earning rent, Indian lessees profiting from the subletting of land. At a price acceptable to the miller, therefore, cane was unlikely to be remunerative to the grower once interest and rent had been paid. In the short term this threatened to cause unrest among Indians, possibly leading to the intervention of government (as was suggested in 1904 and 1908), while in the long term there was a danger that the supply of cane would drop. Moreover, it could have been argued that the mill saved very little through buying cane from Indians, except when the price was very low, since it still had to bear the cost of supervising some of their cultivation work and most of the harvesting. Against what savings there were, the company had to set the lower yields and steadily falling quality of free immigrant cane that were noticed by observers. Might it not be just as economical to grow the cane itself?

Table 4.2

Cultivation of cane by Indians at Navua, 1894-1901

Year	Production (tons)	Price (including bonus)
1894	1,700	13s 6d
1895	3,500	13s 6d
1896	10,300	11s 10d
1897	12,200	12s 2d
1898	18,800	12s 1d
1899	19,600	10s 6d
1900	22,500	9s 10d
1901	32,500	9s 11d

Source: H.O. to Nausori, 22 April 1902, Nausori Out, 11 (1902), 69-73.

Accordingly, the Vancouver-Fiji Sugar Co. increased its own acreage under cane, and discouraged Indian cultivation by paying a low price and charging more for services

to growers, whose reaction was to switch to another crop (usually rice). Yet, because most settlers were not on its land, the company could not obtain a larger cane supply simply by resuming properties it already owned: rather, it had to incur the substantial capital expense of acquiring new, often virgin land. This, in turn, reversed the downward trend in the number of indentured labourers employed at Navua. To clear and cultivate the new land more immigrants had to be imported, causing a rise in wage and supervision costs. What the company had not understood, however, was that climatic conditions on the Navua would not enable it to make an adequate profit on top of these additional expenses. In 1911 a purchaser for the mill was being sought, but well before then the boom on the river had turned into a slump. Land was less able to support the high rents that had been charged, merchants were unable to recover their debts. The Navua Trading Co., for example, abandoned cane over which it had liens because it found that, even if it worked the land itself, it still could not recoup the amounts owed. The fact was that with the decision of planters to lease land to free immigrants in the 1890s, so making it impossible to depend mainly on Europeans for cane, the success of sugar in the district rested largely on the ability of Indians to produce cheap supplies. The failure of the Vancouver-Fiji Sugar Co. to perceive this, and to co-operate with other interested parties to evolve a scheme to facilitate it, greatly damaged plantation (and merchant) interests on the Navua.³⁴

The settlement of Indians on CSR's plantations had started in the early 1890s as part of the company's wider policy of leasing estates. At one time, Knox even hoped that free immigrants would grow the bulk of cane crushed at Nausori.³⁵ In his view, settlement would help the company to 'divide our risks with others ... to go back to the system on which we originally started in New South Wales'.³⁶ He also hoped to obtain cheaper cane. Indians were to be given land 'on which we cannot grow cane at anything like the price at which this can be purchased from the coolies'. At Nausori, though not at the other mills, they were to be paid a shilling a ton less than Europeans. Within a short time Knox was hoping that if the output of Indian cane was increased, the company's position would be strengthened if it tried to reduce the price of European supplies. This may well have proved to be the case when the price of European cane was reduced from 12s 6d to 10s 0d per standard ton in 1902. The following year, amid fears that CSR would squeeze them out in

favour of Indian growers who would accept a lower price, several planters advocated legislation to prevent Indians producing except as paid labour, but no such legislation was introduced.³⁷

The settlement of Indians on company plantations proceeded more slowly than Knox had hoped. By 1901 little effort had been made to encourage settlement at Rarawai or Lautoka, and virtually none at Labasa. Perhaps this was partly because cane was being grown reasonably cheaply by the company, so that there was little need for CSR to incur the administrative cost of subdividing plantations. It was also felt that the drier climate which made the soil more difficult to work than at Nausori would discourage Indians from growing cane in western Viti Levu and on Vanua Levu.³⁸ It was at Nausori, where the cost of company cane was much higher than on the other side of the island, that the greatest efforts were made to settle Indians on CSR land. The company began in the 1890s by placing them on individual plots, usually of five acres or fewer. It would prepare the land for cultivation and help with harvesting, deducting the cost of such services – and rent – from the price paid for cane. Leases were for only two years, after which settlers were moved on to new land leaving the old to lie fallow – a system of rotating the grower rather than the land. This must have reduced the appeal of CSR's land to Indians who, in the certain knowledge that they would be moved after two years, would have had few rights of ownership over a particular plot. Right of transfer, for example, would have been greatly curtailed.³⁹

This may have been one of the reasons why in 1901 CSR felt that the settlement of free Indians was proceeding too slowly, and needed to be supplemented by experiments with a new arrangement – a system of 'planting companies'. Each 'company' consisted of several Indians who had collectively leased land from CSR. Where necessary houses were provided by CSR, which also paid one shilling a day to each member who did hand work – planting, weeding, cutting cane and loading on trucks – which was the 'company's' responsibility. Horse work was done by CSR. After deductions for rent, wages and other expenses incurred by CSR, the balance of the proceeds from cane was paid to the 'company' for distribution among its members. For CSR, which was referred to as 'the employer' in its contracts with planting companies, the scheme offered a chance to secure a more productive labour force, while settlers with little capital saw it as a half-

way house between leaving the plantation and obtaining land which could be farmed individually. They were guaranteed an income at least equal to that received under indenture, with the prospect of a bonus at the end of the season. So at first planting companies were quite popular among Indians at Nausori, and realized CSR's hopes too. But it was soon found that in a co-operative Indians did not have as much personal interest in the yield of the crop as CSR had hoped. After a time the interest of members fell and the cost of cultivation to CSR increased. In 1904 it was noticed that the cost of 'company' grown cane was higher than if produced with indentured labour. Knox called for a review, but before this could have an effect a drought prevented any bonus being paid in 1906. Indians abandoned the company system, and CSR did not try to revive it.⁴⁰

Thereafter, the company's attention was focused on the question of leasing plantations to overseers. They were likely to achieve the cost reductions that were wanted, without involving CSR in the time and expense of settling large numbers of Indians on its land. Though in the long run Knox still hoped that settlers on company land could be persuaded to grow cane, for the immediate future they were valued for the ways in which they could help stabilize – perhaps even reduce – the cost of cane on plantations and the cost of crushing it in the mills. This was clear from contracts the Labasa manager proposed to make in 1905 with immigrants in their last year of indenture. In return for a cash payment of £2 and the lease of three to four acres, the Indian was to reside on his allotment with his family, to work for three days a week (or for the whole week if in the mill) whenever required by CSR at wages 25 per cent higher than those of indentured labourers, and to grow a certain quantity of crops annually for sale at fixed rates to the company. The rate for maize was to be 1s 9d compared with 2s 11d for Fijian tax maize. Penalty for breach of contract was put at between £1 and £5 – a large sum for Indians.⁴¹

By 1912, then, the trend among planters in general, on the Navua and by CSR was away from seeing settlers on plantation land as primarily a source of cane. Instead, the emphasis was on settling immigrants so that they would provide a pool of casual labour and, of secondary importance, so that they would provide food crops needed on plantations. Except at Navua and on a few estates elsewhere, settlers were placed at the edges of plantations, on marginal land.

As a result, though almost certainly greater than the number on government settlements, the number of Indians settled by planters was smaller than the number which, in the absence of land elsewhere, was forced to occupy blocks leased direct from Fijians.

Indians on Fijian land

Free immigrants had leased land from Fijians ever since the 1880s. The size of their holdings was greatly influenced by the extent of plantation agriculture, which was responsible for both the number of immigrants looking for land and, to a significant degree, for the scarcity of land available. The shortage in cane districts, where Indians preferred to settle because of proximity to markets and poor communications elsewhere, was of course partly due to the amount of land held by Fijians. However, it also owed much to the fact that large areas — mostly of the best quality — had been taken up by plantations. Comparatively little remained for Indians when their indentures expired, so that the intense competition which resulted encouraged the occupation of land in small plots. Moreover, on leaving the plantation the average immigrant could not afford more than a few acres of land — if any at all. Wages under indenture had been so low that the amount he could save was minimal. The exception to this were sirdars — those in charge of other Indians under the supervision of a European overseer. Not only were their incomes higher than others under indenture, but they also received bribes — in individual amounts of up to one shilling a week apparently — from labourers who wanted to receive favourable treatment. They also obtained an income from Fijians by spending part of their wages on gambling, 'professional Indian gamblers' being known 'to fleece the Fijians' deliberately. One sirdar, from Wailevu estate at Labasa, has recalled (perhaps with exaggeration) that he was paid £1 1s 0d a week and saved £100 while serving indenture.⁴² Once free, sirdars were well placed to increase their wealth through trade, and to obtain sizeable areas of land; over fifty acres was not uncommon. Because of growing demand for smaller blocks by Indians who were less fortunate, these landholders began to sublet in allotments of a few acres, receiving more in rent than they paid the Fijian owners. Frequently attached to the sublease was the offer of credit, an extremely important provision since it spared those with little capital having to re-engage on plantations till they had saved more. As government and

CSR recognized, without the Indian middleman, the zamindar, settlement would have proceeded more slowly. Just as they had helped planters by maintaining order among indentured labour, time-expired sirdars now served the same interests by hastening settlement on small blocks.

As part of other measures to promote settlement, government action in 1897-98 reinforced the pattern of small holdings. The procedure for leasing small plots of Fijian land was simplified. Proposals to lease no longer had to go before Provincial Councils, which met at six-monthly intervals, but could be submitted to District Councils which met every month. Legislation was passed to save Indians with little capital the cost of surveying land (and waiting while the survey was carried out) in order to obtain a lease. For leases of under ten acres it was no longer necessary to employ a surveyor and register a plan, though a rough tracing and description of the proposed lease was later required by Ordinance 4 of 1905.⁴³ These measures encouraged Fijian land to be leased more rapidly by Indians. From thirty Indians occupying 492 acres in 1898, ten years later the number had risen to 1,467 on 13,881 acres. Though settlement initially proceeded fastest on the Navua and the Rewa, the expansion of CSR's operations on the west of Viti Levu led to a substantial increase after the turn of the century in the number of Indians occupying Fijian land in that part of the island. In 1911 nearly half the registered leases of Fijian land held by Indians were in the Province of Ba, a quarter within ten miles of the Nausori mill, an eighth on the northern coast of Vanua Levu in the Province of Macuata, and the remainder were scattered in small settlements over the rest of the two islands.⁴⁴

From 1907 to 1910 government tried to regulate Indian settlement on Fijian land more closely. Officials were concerned, for example, about the whole host of informal and illegal leasing arrangements that Indians entered into with Fijians. Apart from a variety of share-farming agreements, there was the practice of leasing a plot for several short periods in succession. Since this was done in secret, the owner could evade the legal requirement that his Roko and Buli receive a portion of the rent. The problem also had wider significance. Under informal agreements tenants had no security of tenure, and hence little incentive to maintain the fertility of the soil. If the land continued to be farmed by Indians, it was likely that the output of crops for sale to plantations would fall, and that in the search

for land which had not been exhausted settlers would move away from the centres of employment, so reducing the supply of casual labour.⁴⁵ Following representations by C.V. Maxwell, the Stipendiary Magistrate at Lautoka and then Macuata, the police were instructed in 1907 to prosecute in cases where land was leased informally.⁴⁶

There was mounting official concern, too, about the provision that no proper survey need be obtained for leases of under ten acres. Tenants were expected to mark out their land with pegs, but it was often found that pegs were moved to increase the area of the lease, or that leases of tenants overlapped. As in the case of informal leasing, concern was expressed mainly in terms of law and order — disputes might break out between tenants, for example — but once again plantation interests were involved. Frequent disputes might involve tenants in expensive legal action which would increase costs, and might lead to reprisals in the form of the destruction of crops otherwise for sale. Moreover, the tendency to increase the size of leases raised the possibility that they would no longer be worked with family labour alone but would need hired workers as well, so increasing the competition for labour. Finally, as government acknowledged, to provide the rough description required under Ordinance 4 of 1905, Indians often paid a European or half-caste more than would have been paid to a registered surveyor for a proper lease. The cost of settlement was increased and with it the burden of debt, often at high rates of interest, making the cheap production of cash crops more difficult. More than law and order was therefore at stake when government enacted Ordinance 4 of 1909, which required that in future all applications to lease, regardless of the land's size, should be accompanied by plans drawn by a registered surveyor. To prevent the extra demand driving up survey costs to prohibitive levels, fees charged by surveyors for small plots were regulated under Ordinance 4 of 1912.⁴⁷

A third area of government intervention about this time was on the question of subletting land. Knox had always felt that rents would be lower if Indians leased land direct from Fijians instead of through middlemen, a view that rested on the assumption that Indian landholders could drive harder bargains than Fijians. This was undoubtedly true, not only because Indians who already held land at fixed rents could take advantage of rising values, but also because they could often attract tenants at high rents through the offer of credit as well. In 1902 Knox had told government that

because the crop would have to pay several profits, subletting would increase the costs of Indian cultivation. Nonetheless, no action was taken by officials — and Knox had even allowed his managers to experiment with the zamindar system on company land — because the benefits of speedy settlement were thought to outweigh the disadvantages of subletting.⁴⁸ By the end of the decade the situation had changed. Settlement was well advanced, and government could risk slowing the process to ensure that the pattern of landholding was in line with its overall objectives. Im Thurn became convinced of the need for action in late 1909, when details of numerous transfers and subletting on a forty-three acre lease were brought to his attention. In 1910 it was decided that in future leases would normally be issued to Indians in sizes of only five acres or fewer (or ten acres of grazing land). The hope was that the high rents being charged by middlemen would be reduced, and that by encouraging smaller allotments the supply of casual labour would be increased. The latter was a curious thought, for under the existing practice subletting was so extensive that leases were eventually fragmented into small plots. However, it showed that the main purpose of settlement in official eyes was the same as it had been in the 1890s.⁴⁹

From 1907 to 1910, then, government intervened in ways that might have substantially modified the conditions on which Indians leased Fijian land. Yet this intervention had only a marginal effect on the pattern of settlement. Neither Ordinance 4 of 1909 nor the five-acre limit applied to leases that had been taken up over the past twenty-five years. Nor does it seem that they greatly altered the pattern of leasing over the next few years. The size limit could be overcome if the owner of a lease persuaded a 'dummy' to apply for an adjacent plot, to be handed over to him once the application had succeeded. The requirement that all leases be properly surveyed could be easily evaded by coming to an informal arrangement with Fijians while, from the extent of the practice in 1915, it seems that the instruction to prosecute in such cases had little effect. Informal leasing was so widespread that it was beyond the resources of the police department to control.⁵⁰ There were other aspects of settlement that were not susceptible to control by planters or government — the rise in land values, for example. Rent for an acre of Fijian land at Ra and Ba rose from between 7s 6d and 20s in 1905 to from 10s to 30s in 1908 — a substantial increase for a three-year period.⁵¹ Higher rents increased the amount that Indians with little

Table 4.3

Government statement showing the area and value of land occupied by Indian immigrants in the colony in the year 1913 with the estimated value of buildings, live-stock and other property thereon

District or province	Land- holders No.	Land				Buildings			Crops					
		Freehold		Leasehold		Total value of holding	No.	Value	Sugar- cane, acres	Rice, acres	Bananas, acres	Other crops, acres	Total area, acres	Total value
		Acres	Capital value	Acres	Rental value									
			£		£	£		£						£
Suva	464	327	27,648	1,828	1,400	35,928	562	11,827	—	—	—	—	462	1,631
Rewa	—	760	5,075	7,045	3,289	8,364	1,703	12,625	2,433	864	1,485	29	4,811	45,000
Tailevu	34	1,243	6,450	1,151	146	—	39	240	—	—	152	16	168	1,600
Colo East*	40	—	—	200	—	—	—	—	—	5	146	7	158	—
Navua- Serua	720	2,417	12,085	2,393	2,675	5,151	720	2,880	1,336	522	170	16	2,044	18,689
Ra*	229	—	—	10,000	1,021	—	244	804	64	—	—	—	—	3,515
Colo North*	60	—	—	1,242	291	—	278	690	375	641	—	636	1,652	5,350
Ba*	567	—	—	5,184	2,279	12,714	—	2,080	1,136	834	—	226	2,196	22,136
Lautoka*	422	—	—	4,263	—	—	617	3,294	709	—	—	—	—	8,289
Nadi*	—	—	—	6,458	—	23,528	930	3,502	624	1,523	1	742	2,890	14,587
Nadroga	312	—	—	740	303	—	297	2,472	70	600	30	—	—	2,806
Bua	—	604	1,812	665	217	—	—	308	—	—	—	—	—	1,140
Macuata*	831	500	1,500	4,686	1,805	—	—	5,698	20	3,844	—	—	4,686	14,034
Savu Savu	42	—	—	227	—	—	32	152	—	—	—	—	—	478
Taveuni	nil	—	—	—	—	—	—	—	—	—	—	—	—	—
Levuka	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Lau	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	—	5,851	54,570	46,082	13,426	85,685	5,178	46,572	6,767	8,833	1,984	1,672	19,067	139,255

District or province	Live-stock						Other property		
	Cattle	Horses	Goats	Sheep, pigs, etc.	Fowls	Value	Cutters, boats, etc.	Farm implements	Value
						£			£
Suva	458	50	42	—	3,660	5,996	—	—	765
Rewa	1,597	91	100	70	10,108	12,777	171	412	2,018
Tailevu	117	14	2	—	254	754	—	—	46
Colo East*	35	1	2	7	591	200	—	—	—
Navua-Serua	892	25	192	22	3,325	4,982	36	not stated	1,316
Ra*	1,018	196	64	—	3,186	4,572	—	201	300
Colo North*	1,146	152	120	—	2,600	5,132	—	150	600
Ba*	2,361	501	145	—	6,700	24,457	—	—	—
Lautoka*	1,015	90	9	—	2,004	5,958	—	—	889
Nadi*	2,530	235	—	82	6,515	14,709	—	—	4,924
Nadroga	881	136	152	—	—	3,910	23	147	551
Bua	554	4	188	—	1,000	1,890	—	—	455
Macuata*	3,301	67	2,063	85	11,328	11,442	—	—	3,350
Savu Savu	—	—	—	—	—	485	—	—	649
Taveuni	—	—	—	—	—	—	—	—	—
Levuka	—	—	—	—	—	—	—	—	—
Lau	—	—	—	—	—	—	—	—	—
Total	15,905	1,562	3,019	266	51,271	97,264	230	910	15,863

Source: Cmd. 7744-5 (1914), Appendix 44.

Notes: The details supplied are incomplete in respect of districts marked *.

The values are likely to have been exaggerated to impress the Indian government commissioners, McNeill and Chimman Lal, for whom they were prepared.

capital had to borrow, while the shortage of capital in the Indian community, together with the poor security that most borrowers had to offer, meant that loans could generally be obtained at only high rates of interest — often over 30 per cent a year.⁵² Though the Fiji Sugar Co. made a few loans to growers, as did CSR after 1905, the restriction of loans to those with good security limited the extent of advances.⁵³ Frequently, Indians on-lent European advances at much higher rates of interest to compatriots with less adequate security. The result of high interest rates and rising land values was to increase cultivation costs and to limit the ability of planters, with their greater bargaining power against the numerous and scattered Indian growers, to reduce the price of crops bought from settlers.⁵⁴ Nevertheless, in 1912 government and planters could have taken comfort from the fact that Indian produce was normally cheaper than alternative supplies, and that in the most important respect settlement had developed on lines consistent with the needs of plantations — by far the majority of settlers were farming small plots of land.⁵⁵

Settlement helped Indians to improve their standard of living substantially. In 1912 they held over £16,000 in banks.⁵⁶ To this could be added sums that were hoarded rather than banked, and capital which had been accumulated, say in the form of livestock (see Table 4.3). Yet economic development in this way was limited by planters' demand for cheap labour. Apart from attempts to get them to grow cane, settlers were seen primarily as a source of labour. Consequently, planters were willing to lease them only marginal land, and since rents seem to have not always taken the quality of soil fully into account, perhaps this limited the income settlers could obtain from their plots. The frequent stipulation that they work on plantations, or in the mill, whenever required meant that growers could be forced to leave the land at times critical for planting, cultivating or harvesting their crops. It may also have helped planters to keep wages below what would have prevailed had there been perfect competition in the market. In 1905 CSR's Labasa manager had hoped to settle Indians on condition that they work as required for 1s 3d a day; but the free market wage of time-expired labourers was often nearer to 1s 6d, though it did vary. Of particular significance was the encouragement given to settlement on small holdings. Plots of under five acres suffered 'incessant intense cropping' which caused the impoverishment of the soil. In a report on the condition of Indians in Fiji, C.F. Andrews and W.W. Pearson contrasted

the use of 'scientific cultivation', such as the extensive use of green manure, by the handful of large-scale Indian planters with the inferior techniques of small growers who overcropped the soil.⁵⁷ The problem was that to derive what they considered to be an adequate income from their small farms, Indians failed to rotate the land. The long-term result was reduction in their incomes. So it was that the sugar industry's dependence on cheap labour limited the contribution to economic development of Indian settlement.

Chapter 5

Crisis and change, 1912-1923

The period 1912 to 1923 was a watershed in the history of the Fiji sugar industry, for it was during these years that the supply of indentured labour came to an end. Though in Britain there had been growing opposition to it on humanitarian grounds, it was nationalist agitation in India which finally brought a halt to this form of migration. In 1916 Lord Hardinge, the Viceroy, announced that the recruitment of indentured labour would be prohibited when a less objectionable scheme had been devised, but the danger of widespread disturbances, and even mass disobedience organized by Mahatma Gandhi, forced the Indian government the following year to stop all further migration to the colonies for the duration of the war and two years after. The last shipload of indentured labourers had already arrived in Fiji, but they did not serve their full terms for, to satisfy public opinion in India, all indentures in the colony were cancelled on 1 January 1920. The sugar companies and planters reacted to the threat, and then the reality of the disruption of their labour supply by settling immigrants on their estates, in the hope that eventually their dependence on imported labour might be greatly reduced. At the same time they tried to persuade India to permit a resumption of emigration on new terms, provided the conditions would not cause a prohibitive rise in the cost of labour. No new scheme of immigration satisfying all parties could be devised, however, with the result that at the end of the period, to overcome the shortage of labour, CSR began to abandon the estate form of production completely, in favour of the cultivation of cane by Indian growers. The preoccupation of the period, then, was with the retention of a cheap supply of labour.¹

Indian settlement, 1912-22

In 1912, several years before the flow of indentured immigrants ceased, both CSR and government had become concerned about growing opposition to this method of procuring

labour. Officials warned planters that 'the non-conformist party' in England, including several leading members of the Liberal Government, disapproved of existing arrangements, while CSR was well aware of the mounting feeling against the system in India following visits by Thomas Hughes. After a spell in Fiji, during which — as the Labasa manager — he had been fined for his treatment of Indian labour, Hughes had become a part-time international ambassador for CSR, and an expert on labour matters. In his view, an even more serious and immediate threat to the future of immigration was the growing demand for Indian labour. Although the population of United Provinces and the Madras Presidency, which supplied about 75 and 25 per cent respectively of Fiji's immigrants, was put at 88 million, only a small proportion of these were willing to migrate. In 1912 Hughes estimated that against the requirement of 25,000 labourers a year to all the sugar colonies combined, annual migration to tea districts within India had averaged about 350,000 over the previous ten years, while that to Ceylon had varied from 150,000 to 175,000. Migration to the Malay States had risen from 45,000 in 1909 to 103,000 in 1911. Already a shortage of labour was being felt in Ceylon: it could only be a matter of time before Fiji experienced the same.² To 'avoid the calamity that would follow a stoppage or serious curtailment of the labour supply', CSR urged that new measures be adopted to settle Indians near plantations. Knox wrote:

The only means by which the position could be rendered really secure would be to make the industry independent of immigration by permanently attaching to it the people introduced for plantation work.³

CSR's efforts in this direction were supported by government, which saw improved facilities for immigration partly as a way to augment the colony's supply of labour but also, and of growing importance, as necessary to persuade India to allow immigration to continue. Added urgency was given to the question by the visit in 1913 of the McNeill and Chimman Lal Commission, sent from India to examine the conditions of indentured labourers overseas. The Commission's recommendation that more be done to encourage settlement in Fiji⁴ met with a quick response from officials, who were already dealing with one matter raised by the Commission — the question of Indian indebtedness. The high interest rates associated with credit from storekeepers and money-lenders, occasionally up to 120 per cent a year, made it more difficult for intending settlers to finance the acquisition of

land. The government wondered if some form of co-operative credit could be introduced to cheapen loans and facilitate settlement. Enquiries about this had been made in India before the arrival of McNeill and Chimman Lal but in late 1913, despite the Commission's concern about the problem, government decided that the time was not yet ripe to introduce co-operative credit societies. Not only would they have been very difficult to supervise, but the security most Indians could offer was considered totally inadequate. The vast majority of settlers held land on short tenure, even in government settlements where a six months' occupation licence instead of a lease had become normal. It was resolved that 'the question of granting advances to settlers should await the final decision in regard to the native land question'.⁵

Thus attention was focused on the leasing of Fijian land. Following a recommendation by McNeill and Chimman Lal, the five-acre limit on leases of Fijian agricultural land was raised in 1914 to ten acres, with twenty acres for grazing land, thereby increasing the income a new settler could expect to derive from his farm. Soon after, to increase returns to the owners, a system of auctioning leases of Fijian land was introduced, but to prevent this more complicated and expensive procedure from hindering Indian settlement, leases of under ten acres of planting and twenty acres of grazing land were made exempt. In addition, security of tenure for Indians (and others) with registered leases was increased by Ordinance 23 of 1916, under which if an owner refused to renew a lease he had to compensate the outgoing tenant for the value of permanent and inexhaustible improvements made during the currency of the lease. Since Fijians had difficulty in raising cash to pay compensation, at least initially leases were generally renewed, so increasing the tenant's feeling of security and reducing his need to bribe the owner to obtain a renewal. Yet the benefits of this were limited only to settlers with registered leases. The majority of Fijian land, those with informal agreements, were unaffected.⁶

Consequently, a more effective way to encourage settlement — and one that government tried — was to increase the amount of available land for leasing. The trouble was that it was virtually impossible to open new government settlements because not enough Crown land was available, and Fijians were reluctant to lease suitable blocks for the purpose. For a number of years officials had been trying

to persuade Fijians to hand over to government surplus land which would be leased on their behalf. Originally it had been hoped to throw this open to Europeans, but from 1912-13 government acquisition of land in this way was seen in terms of Indian settlement. In 1903, 1911 and 1912 the Council of Chiefs had supported proposals to make available to government surplus land in the colony, but despite official efforts to persuade Fijians to give effect to the Council's resolutions, especially that of 1912, the response had been poor. Between 1912 and 1914 Fijians released land only in areas where for many years settlement was not likely to occur, or only on conditions that would be unacceptable to prospective tenants. They wanted all land that in the past had been, or might in the future be, used for planting to be excluded.

To overcome the problem, in 1914 Sir Ernest Sweet-Escott (governor, 1912-18) proposed to establish Land Boards comprising the District Commissioner for the area concerned, the Roko and a land officer. The Boards would discuss with Fijians what land was available and then, on the advice of the Commissioner of Lands and the Native Commissioner, the governor would decide what land should be acquired in the public interest, particularly for Indian settlement. The Colonial Office refused to sanction the plan because of opposition from Fijians who wanted a majority on the Boards. Instead, the following year a compromise solution was agreed. Land could only be leased if it was first handed over to government to lease on the owner's behalf. Fijians were spared the fear that government would acquire land against their will, while government hoped to prevent direct negotiations between Indians and Fijians which, by leading to high premiums, was thought to have hindered the process of settlement; the hope was not in fact realized, for Indians still bribed Fijians to give their consent when proposals to lease were considered by government.⁷

Moreover, this attempt to solve the land question did not enable government to acquire large areas of Fijian land for Indian settlement. Though under Ordinance 16 of 1906 government could obtain land compulsorily in the public interest, the Colonial Office was against any action in regard to Fijian land that did not have the support of its owners. The only way to acquire large areas would be to persuade Fijians to lease in return for high rents. It was in this situation that officials in 1915 welcomed CSR's offer, designed to increase the company's labour supply, to lend £100,000 for the acquisition of Fijian land,

improving it and subletting it to Indians at 5 per cent of the capital outlay. A trust was set up in 1916 to administer the fund, but by 1918 none of the money had been spent and CSR withdrew the offer. Circumstances had changed. Immigration had stopped, so that it was no longer necessary to settle the 3,000 or so Indians whose indentures would have expired each year. The problem now was not so much to open up new land for settlement: rather, with the shortage of labour to work plantations, the need was to settle Indians on existing estates so that they could cultivate cane themselves. Indeed, the more new areas made available the more difficult it would be to find tenants to occupy plantations. So paradoxically, though government had encouraged settlement on Fijian land largely in the interest of planters, the very modesty of its achievement became, after the halt in immigration, a major contribution to meeting the immediate needs of the industry.⁸

Since 1912 the Vancouver-Fiji Sugar Co. and CSR had been trying to settle Indians on their estates. Though some were expected to take off-farm jobs as well, in an emphasis which had not been seen since 1905 it was intended that the majority should do nothing else but grow cane. In settling immigrants, the sugar companies had to overcome the widespread tendency for yields on Indian farms to fall. In 1912 it was reported that some growers produced just over eight tons an acre, compared with twenty-four tons or more under the plantation system. Because Indian methods of cultivation caused the soil to be exhausted (due to the short terms of their leases), CSR's managers in Fiji were at first lukewarm toward head office suggestions that immigrants be settled on company estates. There was also the problem that settlers had shown a decided preference for crops other than cane. Table 5.1 shows that between 1909 and 1913 there had been a decline in the output of Indian grown cane and an increase in the production of alternative crops. Though part of the decline was due to the discouragement of Indian cane production at Navua, significantly the growth of the free Indian population had not offset this decline by an increase elsewhere. The importance of ensuring that tenants actually grew cane and that their cultivation practices were of a high standard was reinforced by Thomas Hughes's examination of the Mauritius sugar industry in 1913. It was reported that yields suffered because, once they had obtained freeholds, many settlers were content merely to exist on their small plots. Whether the lack of incentive was really due to land tenure is unclear, but CSR certainly interpreted

it in this light. Perhaps output was higher on leases because their occupants had to meet rent obligations which, in a period of rising values, were likely over a number of years to exceed in total the freehold price. Moreover, the landlord could stipulate conditions which would ensure that a high output was maintained. Hughes also found that Indian smallholdings should have comprised about one-third of the total cane area in Mauritius, but that many had gone out of cane while 'the Indians' defective agricultural methods constitute a source of grave anxiety as to the mills' future supplies of cane'. Past experience of settlement in Fiji and Mauritius, then, encouraged sugar companies to devise schemes that would enable them to exercise considerable control over their tenants.⁹

Table 5.1

Acreage of crops cultivated by free Indians, 1909-13

Year	Cane	Rice	Maize	Bananas	Beans	Tobacco	Others	Total
1909	7990½	7000	689½	1054	294	29	97½	17464½
1910	7487½	9553	756½	979½	200	54	189½	19220
1911	6630	11450½	2221	1338½	328	184	581	22733
1912	6621	10008	2503	2064	559	100	141½	21966½
1913	6233	13022	2808	1850	364	139	1056	25472

Source: Indian Immigration Reports, 1910-14.

This need for control was reflected in agreements, dating from 1912, between the Vancouver-Fiji Sugar Co. and immigrants whose indentures were due to expire in three to six months. In return for the cancellation of his indenture, an Indian was obliged to reside on a block of company land, to devote the whole of his time to the cultivation of cane unless given permission by the company, to plant the variety of cane and do all the drainage work and cultivation required by the company, to deliver cane required by the company, to deliver cane free of trash and of a quality judged by the company to be satisfactory, to give no lien over his crop to third parties without the company's consent, and to pay 5 per cent interest on advances made by the company which would be a first charge against the crop. The agreements were to last till 1919. Contracts with CSR's Indian tenants contained similar provisions, but with an additional one that forbade subletting.¹⁰ It was one thing to make contracts but quite another to enforce them. Enforcement depended on

the general satisfaction of Indians with the settlement schemes that were devised. Yet, even though the experiments up to 1922 attracted tenants, there was far from general contentment with the conditions on which land was held. Dissatisfaction stemmed largely from the size of plots that were leased.

The Vancouver-Fiji Sugar Co., for example, divided some of its estates into farms of about six acres of which no more than four, sometimes fewer, were supposed to be cropped in any one year. The manager in 1912, Mr E. Duncan, believed that £20 a year would cover a man's living and working expenses, and that the proceeds from a farm of that size would exceed this by a few pounds. In an effort to attract growers, the company adopted a policy of paying higher prices than elsewhere in Fiji. At the start it paid 6d a ton for Malabar and 1s 6d for Badilla, more than was paid on the Rewa. It also charged lower rents than were often paid by Europeans in the district. Settlers were expected to pay around six to seven shillings an acre. Initially the company seems to have found the scheme quite a success. By 1917 the amount of Indian cane exceeded that grown by the company. Yet, in a period of rising prices and of industrial and political unrest after the war, the policy of paying relatively high prices and charging moderate rents was not on its own enough to satisfy tenants for long. What counted was the total net proceeds from cane, and these were limited by the size of the farms. As was later recognized (by CSR), Indians were capable of farming more than six acres. Settlers at Navua found they had surplus labour which, under the terms of their contracts, they could not devote to wage employment away from their farms. But the number of growers made it difficult for the company to enforce this provision, so that the likelihood of settlers neglecting their plots in search of seasonal wage employment was considerable. It was likely, too, that in an attempt to increase their total income growers would try to crop a larger area than that stipulated by the company, thereby adding to the problem of supervision and exhausting the soil. These factors, together with poor harvests in 1918 and 1919, account for the decline after 1917 in cane production at Navua. By the end of 1921 output had fallen from a potential of between 45,000 and 50,000 tons to 11,000, and this was one of the reasons given for closing the mill the following year.¹¹

The small size of farms also caused problems with one of CSR's settlement schemes, known as the 'settlement area

system', which was started on the Vuci Maca plantation at Nausori in 1912. Most of the farms were of four to eight acres, producing difficulties similar to those at Navua. But there were other problems as well because, unlike the Vancouver-Fiji Sugar Co., CSR decided that the farms were too small for the growers to do the necessary horse work themselves. The company would have to do it for them. Initially CSR made a fixed charge per acre for the work, but it found that after meeting this expense plus rent, when yields were low the surplus left to growers was very small. So in 1916 the company switched to charging a fixed sum per ton of cane, only to find that growers with high yields complained that they had to pay more for the same amount of horse work than those whose farms produced less. To this was added another difficulty. In devising the scheme, CSR had to ensure that the advantage of reducing the labour it needed for cultivation would not be offset by the need for more labour to plough a large number of farms, each with its own system of rotation, than would have been required to plough the land if worked by the company itself. Consequently, CSR had allotted to four tenants, say, an equal number of rows of cane on about sixteen acres. The strips ran the full length of existing estates to enable the land to be worked as a single area — four acres plant cane, four first ratoon, four second ratoon, four fallow. Growers owned strips in each of the four acres, were responsible for hand work, and were to take individual care of their plots rather than work them on a co-operative basis as had the 'share companies' before 1906. However, farming the strips as a single area encouraged growers to gang together to work the land co-operatively under the guidance of a CSR overseer, the company advancing wages to the gang which deducted from the proceeds of a grower's cane the cost of the work done on his farm. The individual's identification with his plot was reduced, while disputes arose when differences in the quality of land caused yields, and hence incomes, to vary between farms even though the amount of work done on each was the same. Plantation labourers complained because growers were little more than labourers in effect, and yet their incomes were higher than if they had been employed as such. Disputes between growers and the dissatisfaction of labourers increased the difficulty for CSR of controlling both groups, with the result that there would have been considerable risk for the company if it perpetuated the scheme; at the same time, any profits made from the land would have gone to the growers. CSR decided that the settlement of Indians on small plots with the company doing the horse work had not been a success, and the experiment was terminated in 1921.¹²

In 1917 CSR tried a different settlement scheme. Plantations, especially in the west of Viti Levu, were divided into 50-70 acre farms which were handed over to Indians, who were to be responsible for all the horse as well as cultivation work. Some, as on its Mataniqara estate at Ba, were fairly successful, but with others CSR had constant difficulty. At Lautoka it was unable to prevent Indians on large farms subletting the land at a profit.

It ends always in trouble, and our experience has been throughout the Sigatoka district that, where large areas are concerned, the Indians have always partitioned them amongst themselves, and it is these cases that are continually having us embroiled in trouble with the Suva lawyers. We never get into legal discussions or court cases with men on small areas [It] ends in nothing but continual strife, dissatisfaction, squabbling and quarrelling, which makes such inroads into the happiness of the community and the general inclination to work steadily.¹³

The company also had difficulty preventing its tenants from spending too much time away from their farms. In 1923 this form of settlement was also abandoned. Once again, the problem had been the size of blocks leased to Indians.

A further problem with these settlement schemes was that the size of farms aggravated, rather than helped solve, the shortage of labour on plantations. If a 50-70 acre block was worked as a single farm by its owner, hired labour would be required; this would lead to competition with plantations for labour, making it more difficult to work the remaining ones economically before they were leased. Beside this critical short-term problem, it was doubtful if in the long run large Indian-owned farms would overcome the labour shortage. If all plantations were divided into fifty acres or so, was it likely that Indians would work their labour so much more efficiently as to be able to farm with fewer men than Europeans? And would Indians be more successful than planters in resisting demands for higher wages? On the other hand, leasing in small plots of four or six acres, with a prohibition on off-farm employment, added to the scarcity of labour by creating underemployment among growers. The number of Indians settled on a given area was greater than it need have been. Moreover, the 'settlement area system' required CSR to maintain a small labour force — about four men per one hundred acres — to do the ploughing,

so reducing the number of immigrants who could be settled on the land.¹⁴ In short, the settlement schemes tried before 1922 failed to overcome the shortage of labour and to induce tenants to accept the control of sugar companies failed because the farms were either too small or too large.

Plantations and their labour supply, 1916-1922

When CSR began to settle Indians in 1912, Knox thought that eventually they might replace the European planter. His view was shared by the company's Inspector, W.P. Dixon, a farsighted and forceful man, one of the few senior managers able to stand up to Knox, and the person who would eventually do most to promote the small-farm system in Fiji. After the report on Mauritius however, Knox became less optimistic than Dixon about the success of settlement schemes. He was concerned not only about the tendency for yields of Indian growers to fall, but also by a suggestion that dependence on a large settled population in Mauritius was making it increasingly difficult for the mills to obtain labour. Consequently, Knox saw the settlement of Indians as subordinate to the interests of planters. In 1919 he gave clear instructions to this effect:

We would say that we do not wish to do anything that would tend to prejudice the returns of the European growers, such as cutting an undue proportion of Indian grown cane now that full supplies are available.¹⁵

There were, then, no grounds for the fear among some Europeans that CSR wanted to encourage Indian settlement at their expense — a fear that increased in 1917 when the Nausori mill discontinued the practice of paying 6d a ton less for Indian than for European cane. For Knox, settlement was simply a precaution in case the supply of immigrant labour should fail; so long as immigration continued the plantation system would last.¹⁶

The survival of planters depended on control over labour costs. At the beginning of the war, CSR tried to cushion planters against what it realized was an unavoidable rise in the price of labour. To help them meet an increase in the minimum wage from 1s to 1s 6d, in 1915 the company introduced a war-time bonus of 2s 6d per ton of cane. It also gave planters up to 6d a week per man to help defray

the higher cost of providing rations, which by law had to be supplied for the first six months of a person's indenture.¹⁷ From 1916, however, the emphasis switched to helping planters solve the problem of escalating labour costs themselves. A proposal by Knox that CSR meet part of the increased expense to planters of importing immigrants was defeated by the Board, thanks largely to the arguments of Dixon. If CSR promised to pay the extra passage money, there would be less incentive for planters to economize in their use of labour. A smaller labour force, both on company estates and on those of planters, was essential if the shortage of labour was to be overcome.¹⁸ In pressing this point, CSR could draw on its experience in Queensland where high labour costs since the turn of the century had led to the adoption of labour-saving devices. So the number of horses employed in Fiji was increased and motor tractors introduced, while Indian growers were encouraged to use better farm implements. Before 1916 an average throughout the year of thirteen to fourteen labourers had been used to cultivate one hundred acres. Within four years this had been reduced by 20 per cent. In addition, more strenuous efforts were made to secure a permanent supply of labour by settling Indians on the edges of plantations. All these measures were quite successful at first, especially in western Viti Levu and at Labasa. But on the Rewa they failed to prevent CSR's tenants from letting their estates revert to the company after 1915.¹⁹

Beside the frugal use of manpower, CSR was determined to prevent the shortage of labour pushing wages to an uneconomic level. Before late 1919 it refused a further increase in cane prices, so limiting the ability of planters to raise wages. Pressure was put on tenants not to pay more in order to compete for labour, the extension of credit by CSR being a useful weapon to prevent those on more profitable estates getting out of line.²⁰ Furthermore, on top of all its other advantages to CSR, the encouragement of Indian cane cultivation was seen as a way to strengthen resistance to demands for better wages. In 1917 Indian growers at Lautoka had defeated an attempt by labourers to raise mill wages by promising to work the mill themselves.²¹ Thereafter, CSR wanted to bind growers still more closely to the company. The resident inspector of immigrants at Lautoka, S.S. Lord, reported in 1920:

With the ingenuity which is characteristic of this company the policy seems to be to create in each district a small number of wealthy cane planters, and

these will act as a buffer between the Co. and the ever-increase-demanding wage earner. The interests of these affluent and influential Indian cane growers will be drawn towards the company, for they become employers of labour and thus wage payers.²²

CSR's own files show that this was an accurate description of company policy. In 1921, however, it was noticed that while CSR's control over harvesting gangs enabled it to regulate the wages paid by growers to cutters, wages of Indians employed in cultivation work were not so easy to control.²³

Not only was the company anxious to prevent an increase in current wages: it was also determined that any new scheme of immigration should not be on terms that would cause labour costs to rise in future. Thus it was utterly opposed to a scheme of 'aided colonization' devised in 1916 by an Inter-Departmental Conference in London. The scheme would have entailed a massive rise in importation costs since a wife and up to two children could have been introduced with each adult male. Immigrants would work for only three instead of five years, so reducing the period over which the expense of introduction could be recouped. Moreover, after six months in the colony the immigrant would be free to move from one employer to another, thereby increasing for planters the difficulty of controlling labour. The Conference suggested that the cost of importation be met by a levy on each employer, payable four times a year and based on the number of recent immigrants in his service during the previous three months. In Fiji, however, in order to shift the cost from the planter to the miller, government rejected this last suggestion in favour of an export tax on sugar. It was not surprising that CSR and the Vancouver-Fiji Sugar Co. united in opposition to the scheme.²⁴ In their view, if the operation succeeded the patient would die. In 1919-20 an alternative plan for state-aided migration was advanced by a government-backed unofficial mission to India, led by the Bishop of Polynesia. The plan was for immigrants to come specifically to settle on the land without any obligation to work for a particular employer, their passages being paid from a common fund raised in the colony. Though Hughes discussed the idea with the mission and made suggestions, the scheme would have been no solution as far as CSR was concerned. There was no guarantee of a continued supply of labour at a cost employers were prepared to pay, while the likelihood of a special tax on the industry to cover importation expenses remained.²⁵ Though public opinion in India and industrial unrest in Fiji during 1920 and 1921 were more responsible

than CSR for the failure to introduce either of these schemes, it was clear that the terms on which the company wanted a resumption of immigration were totally incompatible with political realities in India. Knox reacted with demands that the British government coerce India over the question, that it pay as much attention to business interests in Fiji as it had to those in Malaya and Ceylon whose supply of Indian labour continued after the war, and that it honour Lord Hardinge's supposed pledge in 1916 that after the war a form of state-aided migration from India would be resumed. Although these demands were totally unrealistic, given his opposition to a rise in labour costs they were the only option left to Knox.²⁶

The General Manager's approach was criticized by some of the company's senior officers like Dixon and Hughes, and by government. It was felt that Knox's views were old-fashioned, that he was insensitive to public opinion in both India and Fiji. The Colonial Office described him as a 'peppery aristocrat', and as 'an irascible autocrat of 75, notorious for his methods of dealing with strikers and business opponents'.²⁷ Since the 1870s, through his single-minded devotion to profit and his grasp of the technicalities of sugar production, Knox had been largely responsible for the success and expansion of CSR. But now, during and after World War I, he was as much dominated by, as dominating, the company to which he had contributed so much. His obstinacy over wages and immigration, expressed in open attacks on the British government, was not simply the idiosyncrasy of an old man. Rather, it was a reflection of commercial realities, of an understanding of where the best interests of CSR shareholders lay.

And the one place they did not lie was in the distribution of windfall profits in higher wages. Since it was generally expected that sugar prices would fall after the war, or after their short-lived boom following the war, Knox was determined to restrict any increase in wages and cane prices to what the industry could support once the world price returned to 'normal', the pre-war level. It would be easy to raise prices and wages but much more difficult to reduce them later. Moreover, it was by no means certain that a future supply of labour could be arranged. Apart from the problems with India, the import of Chinese and Japanese labour was impossible for political reasons, while difficulties with CSR's settlement schemes gave little hope — except to Dixon — that Indian cane growers would provide an eventual solution to the shortage of labour.²⁸ There

was, therefore, a very real possibility that the industry would collapse. 'In such circumstances', Knox told Sir Cecil Rodwell (governor, 1918-25),

it behoves us to husband, as far as practicable, any windfall derived from high prices, so that in the event of a collapse, we may be in a position to return to our shareholders as large a proportion as possible of the capital they have sunk in the colony.²⁹

In other words, the industry had become particularly high risk and correspondingly high profits were required.

CSR's determination to limit the rise in labour costs increased the friction between company and government that had existed before the war. Officials appreciated the industry's need for cheap labour, but felt that if the company had spent more on improving the welfare of plantation workers not only would the industrial unrest that hit the colony in 1920 and 1921 have been avoided, but also the chance of finding an immigration scheme acceptable to India would have been increased. Although officials readily accused Knox of being politically naïve, they were hardly being more astute themselves in believing that India could be persuaded to allow immigration to resume on terms that would have been economically viable for Fiji.³⁰ Nevertheless, government felt that CSR should do — and should have done — more to share its profits with others in the industry, especially since Rodwell estimated that the cost of living for a single male Indian had risen from up to 7s a week before the war to as much as 12s in 1919.³¹ At the same time, the price of raw sugar had risen from an average of £11 in 1913 to £16 in 1919, reaching a peak of £29 the following year (see Table 5.2). Despite CSR's protestations to the contrary, government felt there was plenty for the company to distribute in higher wages, and in higher cane prices which could be passed on in better wages by planters. Eyre Hutson, administering the government in 1916, estimated that though the increase to date in sugar prices represented an extra profit to CSR of up to £5 a ton of raw sugar, the bonus of 2s 6d to planters represented a cost to the company of under £1.³² Furthermore, in order to minimize increases in the price of refined sugar in New Zealand, the company had arranged to sell the bulk of Fiji's output during and immediately after the war at prices, except in 1921 and 1922, below that on the world 'free' market (see Table 5.2) — an arrangement by which producers in Fiji effectively subsidized

the consumer. This aroused indignation among officials who, not entirely understanding the position at first, suspected CSR of submitting misleading returns to the Customs Department. In compiling statistics, government relied on CSR and the Vancouver-Fiji Sugar Co. for information about the quantity and value of sugar exports. The value of exports in 1915, not only to New Zealand but also to Australia and Canada, was reported by these companies to be £12 a ton, whereas on the open market, as measured by the value of Java raws, they would have fetched nearer £15 10s 0d. Similarly, exports of molasses were valued by CSR at £1 a ton, although government had it 'on good authority' that the open market value was twice that. Officials were incensed by what they took to be a 'monstrous understatement' of export values, and were even more convinced that CSR could do more to improve the welfare of Indians.³³

Table 5.2
Quantity and value of sugar exports, 1913-23

Year	Tons exported	Value per ton ^a (f.o.b.)	Raw sugar prices on world 'free' market (c.i.f. London) ^a
		£	£
1913	94,710	11	10
1914	93,773	11	19
1915	85,562	12	19
1916	120,528	14	22
1917	97,335	15	27
1918	63,010	16	25
1919	64,348	16	30
1920	72,985	29	66
1921	72,624	28	25
1922	71,731	19	16
1923	44,108	20	26

Source: J.C. Potts, 'The sugar industry in Fiji. Its Beginnings and Development', *Transactions & Proceedings of the Fiji Society*, 7 (1958-59), 125. A.G. Lowndes (ed.), *South Pacific Enterprise*, 443.

^aThese are approximate figures per calendar year, not per crushing season. The c.i.f. London price was rather higher than the f.o.b. price of Java raws which were a better guide to the open market value of exports from Fiji.

Though officials strongly disagreed with the company's attitude, they did little to force a change of heart. True, an export tax on sugar was introduced in 1916 first at 5s a ton, then the next year at 10s and finally at £1 in 1920. A tax on molasses exports of £1 at ton followed the year after. In 1920 an excess profits tax, directed mainly at CSR, was also introduced. These measures increased the colony's share of the exceptional profits being made but by the time they were introduced, or increased as in the case of the export tax on sugar, a large proportion of the profits had already accrued to the millers. For CSR, though any taxation was deplored, these taxes were better than being forced to raise wages and cane prices. When raw sugar prices returned to normal, it would probably be easier to persuade government to reduce taxation than to persuade labourers to accept lower wages. Indeed, what is striking about their attitude is that though officials believed CSR should encourage an increase in wages, they did nothing to ensure that this was brought about. Rodwell opposed raising the statutory minimum wage of indentured labourers in 1919 lest this make the industries of the colony uneconomic,³⁴ and when in November of the same year wages of unskilled employees of government in Suva were increased from 2s to 2s 6d, officials made sure that wages on the Rewa and Navua did not rise by the same amount (see Table 5.3). Parity between government urban and rural workers was abandoned so as not to put pressure on wages in the sugar industry. Whatever officials might say — and significantly in terms of what they were saying, the 1920 strike by labourers in Suva, Rewa and Navua began as a protest against longer hours of employment (for the same wages) in the Public Works Department — the reluctance of government to force up wages in the sugar industry reinforced CSR's strategy of limiting wage increases.

The outcome of this policy was a decline in the real incomes of free Indian labourers. Table 5.3 shows that wages of non-government employees on the Rewa and Navua rose by 33 per cent between 1913 and 1920. A commission to inquire into the cost of living, appointed in 1920 and chaired by the Acting Chief Justice A.K. Young, estimated that in the same period the average price of Indian food-stuffs had risen by between 86 per cent and almost 100 per cent, depending on how items were weighted.³⁵ Moreover, the increase in rural wages had occurred before the end of 1917, whereas much of the rise in prices had come later. There was particular distress in 1919 because most of the rice

and sharps consumed in Fiji were imported from Australia, which in turn imported from India. The flow of trade that year was disrupted by a ban on the export of rice from India following the widespread failure of the crop, by a prohibition on the export of sharps from New South Wales and by a shipping strike in Australia. The situation was aggravated still further because merchants in Fiji used the shortage to profiteer at the consumer's expense.³⁶ In early 1920 labourers in Suva, Rewa and Navua went on strike. Though the stoppage had important political dimensions, it was essentially a protest at the steep rise in the cost of living.

Table 5.3

Movements in wage rates of unskilled labourers in Suva,
Rewa and Navua, 1913-20

Government employees					Non-government employees				
Year	Suva		Rewa & Navua		Year	Rewa ^a		Navua ^b	
	s	d	s	d		s	d	s	d
1913	2	0	2	0	1913	1	6	1	6
1919	2	6	2	0	1915	2	0	1	6
					1917	2	0	2	0

Source: 'Commission to Inquire into the Cost of Living', C.P. 46/1920.

Notes: ^aBased on CSR wages.

^bBased on Vancouver-Fiji Sugar Co. wages.

There was talk of strikers demanding a wage of five shillings, and resentment was expressed against merchants who were held responsible for price increases. The strike was quickly brought to an end through a display of force by government which, in an effort to reduce the cost of living, soon after began to subsidize the sale of imported rice and encourage the local cultivation of foodstuffs. Subsequently the hut tax, the main direct tax on Indians, was abolished as were customs duties on certain food imports. The reaction of officials, then, was not to increase wages which planters and other European employers might be unable to afford: rather, it was to switch the burden of taxation (through higher export duties and the excess profits tax) away from Indians to sugar companies, who were doing exceptionally well from phenomenally high prices in 1920. Since the high cost of living was likely to be short lived - prices would fall

when the post-war boom was over — it was natural for government to prefer as a solution temporary relief from taxation rather than wage increases which might be difficult to revoke later. This was consistent with CSR's view, though the company objected to paying more in taxation itself.³⁷

The 1920 strike was confined to south and southeast Viti Levu and did not affect cane districts elsewhere, even though the Indian community throughout Fiji had come on hard times following poor cane harvests in 1918 and 1919. Not only were labourers in difficulty. Many growers were heavily in debt, having borrowed large sums to obtain land at values which had risen sharply during the war. Under the leadership of T. Riaz, in 1919 Indian growers in western Viti Levu proposed an ambitious scheme under which CSR would take over their debts, but the company refused to become involved because of the complexity of the problem — leaving, it might be thought, a situation ripe for industrial action by growers as well.³⁸ Yet outside Suva, Rewa and Navua, where many growers supported the strike, none occurred in 1920. Why was this? The main reason was that compared with other districts, a higher proportion of Indian cane farmers in Rewa and Navua occupied extremely small farms — a couple of acres or less. Consequently, off-farm employment and wage rates were more important to them than to growers elsewhere. Suva was a major centre for casual employment. There was no town of equivalent size in western Viti Levu or Vanua Levu. The introduction of longer hours for the same wages in the Public Works Department, which sparked off the 1920 strike, represented an attempt to reduce hourly rates. Since government was the largest employer of unskilled labour in Suva, this was bound to influence the wages for casual labour in the city, thereby affecting a large number of part-time growers on the Rewa. So they were willing to make common cause with the urban labourers on strike.

In contrast, cane growers on the west of the two main islands were less dependent on casual labour as a source of income. This was true even of those on very small farms, since for climatic reasons yields were higher than in Rewa and Navua. CSR appeased these growers with a number of concessions. First, the company promised to increase the bonus on cane prices for 1920 from 2s 6d to 5s, making a total price of 15s. Under pressure from growers, by mid-1920 the bonus had been raised to 11s with the offer of an extra 20s for every acre planted in cane.³⁹ Thus cane prices in 1920 would be over 100 per cent higher than in

1913, meaning that if the general price level had moved at the same rate as in Suva, Rewa and Navua, real cane prices would have been maintained, if not slightly increased. Growers would be less likely to support a strike by labourers and, indeed, might be expected to defeat one as they had in 1917. With growers satisfied, CSR was able to make a less generous offer to labourers, increasing the bonus on wages by 6d to make a total wage of 2s 6d a day. This represented a 66 per cent rise on the 1913 rate, which was almost certainly not enough to compensate for changes in the cost of living. Yet without the support of growers, who could always man the mills in the event of a strike, wage-earners were in no position to push for a better deal. CSR had capitalized on divisions within the Indian community.

The bonus on cane prices and wages was a breach of CSR's policy of limiting wage and price increases. The company had not abandoned this as a long-term objective, but the exceptionally high world sugar prices in 1920 made it eager to mill as large a crop of cane that year as possible. Profits would then be increased, placing it in a stronger position should one or more of its Fiji mills have to be closed. However, the world price soon began to fall, as CSR had long predicted it would, and in late 1920 the company announced that the price it would pay for cane in 1921 would be 20s — not 21s — a ton, and that it would stop paying the 20s an acre bonus.⁴⁰ This might have been accepted by growers if government had had greater success in reducing the cost of living, but the abolition of customs duties on certain items was not passed on by merchants to the consumer. Merchants, who to the disgust of Knox still charged one price to Europeans and a higher one to others, reaped the benefit.⁴¹ The reduction in cane payments encouraged growers, particularly those on small farms who did not hire workers, to support labourers in western Viti Levu so that they struck in early 1921. Though it had political significance, the strike was caused mainly by economic grievances. In the view of T.E. Fell, the Colonial Secretary, 'There is no doubt that there is a political aspect to this question ... but the industrial aspect is being made the peg on which to hang these political aspirations.'⁴² Demands for improved conditions of work and a 12s wage were made.

The strike lasted for six months till mid-August, and the principal concession won from the company — belatedly at that — was an offer to import essential supplies and sell

them to labourers at cost. Despite pressure from some of his colleagues, Knox had refused to make this concession before lest CSR alienate the business community in Fiji.⁴³ The company, indeed, had been so concerned about its public image during the war that for a while it had financed the *Fiji Times*, in order to have a newspaper sympathetic to its point of view.⁴⁴ Evidence of profiteering by merchants, however, especially after the tariff changes in 1920, finally persuaded Knox to try to reduce the Indians' cost of living. Yet the concession was not enough to induce strikers to return to work and they stayed out for another two months. The company was helped in defeating the strike by the long-term interest of growers in having their cane crushed. If the strike was prolonged much beyond August, harvesting and milling would be disrupted. As early as April CSR noticed a rift developing between Indian labourers and growers, and it sought to widen the breach by offering inducements to leading growers.⁴⁵ Knox even thought that a few of the latter had encouraged a strike early in the year so that it would be over by the time crushing began.⁴⁶ Also important was the support that CSR could draw on from the rest of the community. With the support of the chiefs, the missions recruited Fijian labour to do essential work on plantations, particularly in looking after the livestock which represented a significant capital investment. This played some part in ending the strike by showing the ability of planters and the company to sit it out. There was also support from government, whose action to prevent intimidation encouraged a return to work.⁴⁷ So the dispute was brought to a close. The strength of CSR's position had been demonstrated, enabling it without another strike to announce in early 1922 that, because of a further drop in the world price, wages would be reduced to 1s 6d a day and cane prices to 10s.

Although CSR had tried to prevent the shortage of labour leading to an increase in costs, no permanent solution to the shortage had been devised. Instead, the decline in Indian real incomes had made the problem worse by encouraging a substantial number of immigrants to return to India: 4,741 left in 1920.⁴⁸ The fall in living standards also ended any lingering hopes that India would allow systematic emigration to resume. In 1922 a deputation from India arrived in Fiji to see if conditions in the colony might justify a scheme of free Indian migration. The deputation was appalled by CSR's announced reduction in cane prices and wages, and advised against any such scheme. Not only had no resumption of Indian immigration been arranged, but by early 1922 no

alternative supply of cheap labour had been found. The various attempts at Indian settlement had not proved much of a success. Consequently, planters who had not already abandoned their estates did so after the 1921 strike, which had prevented planting and cultivation. The Melbourne Trust Co., which owned Penang, and the Vancouver-Fiji Sugar Co. announced that they would close. With growers refusing to plant cane for 10s a ton and labourers refusing to work for 1s 6d, CSR threatened to do the same. The industry, as it had hitherto been run, appeared to be on the verge of collapse.⁴⁹

The salvage of the Fiji sugar industry

The industry was saved by two things.⁵⁰ The first amounted to subsidies from the rest of the community, agreed in 1922 during a crisis visit by Knox to the Colonial Office.⁵¹ Export taxes on the industry were removed, though several years later a duty on sugar exports was again introduced. This temporary relief from taxation affected those outside the industry because government expenditure — say on the Department of Agriculture, which was concerned with other crops than sugar — was reduced as a result. More significant was the effect on Indians who, from 1923, were required to pay a residential tax of £1 per male aged between 15 and 60. A poll tax on Indians had been considered soon after the abolition of the hut tax, which had left them as the only major ethnic group not paying a direct tax — a situation, government feared, that might lead to protests particularly from the Fijians. Fell had originally hoped that the poll tax would be graduated, £1 being a maximum, and that cases of hardship ranging from illness to hurricane damage would be made exempt. The tax on Fijians could be reduced so that overall they would pay the same as Indians. The abolition of export duties, which had raised £44,000 in 1922,⁵² prevented Fell's hopes from being realized. The residential tax — a poll tax in effect — was introduced in an ungraduated form, and virtually without exemptions. There were protests against it from CSR, who believed (wrongly as it happened) that the tax would lead to further industrial unrest, but having abolished export duties on sugar, government was desperate for the £37,000 the new measure would yield. If this had not been the case, the introduction of the tax might well have been delayed. Officials justified the new imposition as a substitute for the hut tax, but under the latter Indians had paid an

average of only 10s per adult male and CSR, in 1919, had paid £7,635 of the total £23,684 raised in this way. Under the new tax Indians would pay 20s a head and CSR nothing. In short, CSR had obtained temporary relief from taxation while that given to Indians, by the abolition of the hut tax, had been removed. Since Indians were expected to benefit from a continuation of the sugar industry they were, in effect, being asked to help pay the cost of their own salvation as well as that of CSR.⁵³

The more important subsidy, as far as CSR was concerned, was an imperial preference on imports of raw sugar to Britain. This had been introduced in 1919, but it was not till his visit to London that Knox realized the preference applied to Fiji, as well as to the West Indies and Mauritius. This was of great significance as raw sugar production in Australia had increased rapidly since the war. The dominion was about to become not only self-sufficient but an exporter of raws as well. This meant that the Australian market, which would have been valuable because of the relatively high price of refined sugar, was now closed to Fiji, forcing the colony to rely on exports to Canada and New Zealand. The former granted a preference on sugar imported from the Empire, but the latter did not. By exporting mainly to Britain rather than New Zealand, the British preference would enable Fiji to sell almost entirely in preferential markets. Most of New Zealand's requirements could be met by low cost imports from Java, allowing the price of refined sugar to be kept to a minimum. Knox calculated that the British preference of £3 15 0d a ton was worth only 35s in Fiji because of higher transport costs than from the West Indies. Nevertheless, this would enable the company to increase cane prices to 13s 6d a ton and pay a bonus of 6d a day to labourers. CSR could also continue the supply of essential clothing and foodstuffs at cost price, so bringing the total wage to the equivalent of just over two shillings a day. Finalized after Knox's return from London, this arrangement was enough to persuade Indians to plant cane and enter cash employment. The imperial preference is often said to be a subsidy by consumers in Britain, but it also entailed a subsidy by consumers in Fiji. After introducing the preference in 1919, the United Kingdom government asked all sugar colonies to reciprocate by granting a preference on British imports. In Fiji duties on articles of non-British origin were raised by an average margin of 12½ per cent. Henceforth, consumers would either have to pay more for imports, or they would have to purchase less preferred British goods.⁵⁴

The second reason for the survival of the sugar industry was the settlement of Indians as cane growers. Bearing in mind the general failure by 1922 of CSR's settlement schemes, Knox had not been very optimistic about switching from estate to smallholder production within a short space of time.⁵⁵ Consequently, during his visit to London he had linked his willingness to increase wages and prices to the renewal of immigration. Yet despite concessions made by Fiji, the Indian government was still not prepared to permit a scheme of state-aided migration. With no prospect of an increase in the labour supply, there arose a clear need to proceed as rapidly as possible with Indian settlement in order to overcome the shortage of labour. To this was added the fear that wage-earners might take advantage of the situation and put pressure on the company to improve rates of pay. Given the experience of 1920 and 1921, head office thought that Indians were likely to be more loyal to the company as cane growers than as labourers. The Labasa manager was told in 1925, with reference to the 30,000-odd acres still farmed by CSR:

the further we progress in the work of bringing these back into productivity the greater becomes our stake in the cultivation, and our vulnerability to attack by labour agitators or by those who may desire to put pressure on us by interfering with our labour supply... [Therefore] we must push on in the direction of reducing the risk in the only way possible, viz. the curtailment of area by leasing to farmers — who will provide their own labour supply — as rapidly as suitable tenants can be found.⁵⁶

Settlement was seen as a means of labour control.

The scheme that was finally devised owed much to the experiments in Indian settlement since 1912, and much, too, to the efforts of Dixon, who throughout had remained confident about the final outcome of these trials. In 1922-23 there was discussion about what form Indian settlement should take. The Rarawai mill favoured a continuation of the forty- to fifty-acre settlement scheme: Lautoka was against it.⁵⁷ The solution was a compromise. The practice of close company supervision of growers, as developed at Ba, was adopted at all the mills.⁵⁸ The ownership of farms as single units, rather than as four separate strips under the settlement area scheme, was also continued. But instead of leasing farms of only four acres, or of between forty

and fifty acres, it was decided to lease them in sizes of eight to twelve acres. R.T. Rutledge, CSR's Inspector, concluded from a visit to Fiji in 1925,

Even on those Estates where the labour supply is short I believe the leasing of 8-12 acre blocks will be found most satisfactory in the long run For every 8-12 acres so leased we reduce the labour requirements by one, whereas for every 4 acre block leased we lose one man for the greater part of the time if not wholly, and still have 6 to 8 acres left on our hands which the tenant would be capable of cultivating for himself.⁵⁹

Thus the main disadvantages of the two earlier schemes were overcome — underemployment on small farms and the employment of wage labour on, or subdivision of, large farms. Settlement on this basis proceeded apace, and was largely completed by the early 1930s. In the selection of tenants, head office asked that priority be given to those not currently employed by the company, so as not to deplete the size of the labour force.⁶⁰ Consequently, those on non-company land tended to become tenants of CSR, while those working for the company in the 1920s more often became contractors — that is, they occupied Fijian or European land and sold cane to CSR by agreement.

The result of settlement was that the cost of cane was stabilized at around the level in 1917-18, before the end of immigration had had its full impact (see Table 5.4), whereas returns to the grower from days worked on his farm were substantially more than he would have earned as a labourer. Average net returns from growing cane in 1930 were estimated to be £9 12 0d per acre cropped.⁶¹ Assuming at most twenty man-days per acre,⁶² the average return for a day's work would have been 9s 7d. The equivalent wage rates for Indians had risen, yet the cost of cane to CSR remained stable. Why was this? One reason probably was that the smallfarmer used his labour more efficiently than when he worked on plantations. With a greater interest in the outcome of his work, he achieved a higher output per hour. He also had access to the labour of his family, at no monetary cost. Another reason was that part of the cost of supervision on plantations was distributed as extra income to the grower. Instead of labour gangs being supervised for cultivation work each day, the self-employed farmer supervised himself. Though overseers paid frequent

visits to growers, the amount of detailed direction was less than on plantations. This was reflected in the number of overseers employed by CSR in the late 1930s. One overseer looked after between 100 and 200 farms, the equivalent of 1,000 to 2,000 acres or more.⁶³ On plantations there had been at least one European, often several, per 500 to 1,000 acres. As well as the saving in supervision costs, growers had the benefit of profits sometimes made by Europeans or the company over and above the expense of supervision. So it was that growers could do very well from the smallfarm system, while CSR would be no worse off. Clearly, the company's main objective had been achieved.

Table 5.4
Cost of cane to CSR, 1913-30

Year	Cost of cane			Year	Cost of cane		
	£	s	d		£	s	d
1913	4	10	7	1922	7	10	3
1914	4	4	11	1923	10	10	5
1915	5	5	9	1924	7	16	7
1916	5	0	11	1925	6	7	11
1917	5	5	10	1926	7	3	7
1918	6	9	1	1927	6	8	4
1919	6	12	2	1928	5	15	1
1920	9	4	5	1929	6	12	2
1921	8	11	6	1930	6	9	0

Source: CSR S 2.0-2, Library, CSR Ltd.

By keeping its operations viable, CSR could derive full benefit from the windfall profits it had made in Fiji since 1913. For most of this period the company's Fiji and New Zealand business had been run as a separate enterprise, the Colonial Sugar Refining Co. (Fiji and New Zealand) Ltd, established in 1915. This was a financial device more than anything, ownership being unaffected. Shareholders of CSR held preference shares in the new company, while a small number of ordinary shares (with the right of control) were held by CSR itself. The company's financial fortunes, in both senses of the word, are shown in Table 5.5. From 1915 to 1923, when it was wound up, shareholders received at least £4,131,562, by far the most of which came from Fiji. The total was in fact higher than this, for besides excluding the small dividends paid to the ordinary shareholders

Table 5.5

The Colonial Sugar Refining Co. (Fiji and New Zealand) Ltd, 1915-23

(in £)	31 March 1915 to 31 March 1920	1 April 1920 to 31 September 1920	1 October 1920 to 31 March 1933	31 March 1923 to 15 May 1923	Total 31 March 1915 to 15 May 1923
Share capital					
pref. shares	3,250,000	3,250,000	1,625,000	In liquidation, 15 May 1923	Not applicable
ord. shares	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>		
	3,500,000	3,500,000	1,875,000		
Value of assets at liquidation					
Liquid assets	—	—	—	2,879,578	Not applicable
'Fixed and floating' assets	—	—	—	<u>1,607,609</u>	
				4,487,187	
Shareholders receipts					
Pref. Shares					
Dividend	975,000	97,500	243,750	12,187	1,328,437
Repayments	—	1,625,000	—	1,625,000	3,250,000
Bonus	—	<u>203,125</u>	—	—	<u>203,125</u>
Total	975,000	1,925,625	243,750	1,637,187	4,781,562
Ord. Shares					
Dividend	Not known	Not known	Not known	Not known	Not known
Repayments	—	—	—	250,000	250,000
Bonus	—	—	—	<u>2,600,000</u>	<u>2,600,000</u>
Total	—	—	—	<u>2,850,000</u>	<u>2,850,000</u>
Total receipts 1915-23	975,000	1,925,625	243,750	4,487,187	7,631,562
Less original capital					<u>3,500,000</u>
Gains to shareholders					4,131,562
As % original investment					118% (= 14.75% p.a.)

Source: A.G. Lowndes (ed.), *South Pacific Enterprise*, 229-300; Colonial Sugar Refining Co. Ltd, *Half Yearly Reports*; CSR F 3.0-1, CSR F3.0-3.

- Notes:**
1. No allowances made for general price increases up to 1920, and slight fall thereafter.
 2. Original share capital represented total funds available to the company. Number of preferential shares was 162,500, of ordinary shares 12,500. The dividend on preferential shares was fixed at 6 per cent p.a.
 3. The repayment of preferential shares in 1920 took place a few weeks later than 1 October. The exact date is not known; and 1 October has been chosen for its convenience.
 4. Of the £2,600,000 received as bonuses in May 1923 by CSR, in its capacity as holder of ordinary shares in The Colonial Sugar Refining Co. (Fiji and New Zealand) Ltd, the shareholders in the parent company received a distribution as follows:

In cash	£325,000
To restore the paid-up value of their shares from £16 to £20 each (£4 per share had been returned to shareholders in 1920)	650,000
A share issue (1 for 2) as counterpart of assets received back from the subsidiary.	<u>1,625,000</u>
	<u>£2,600,000</u>

for which figures are not available, it allows for the writing down of assets in Fiji to £1,139,000. This was done largely for political reasons. The Board had wanted the assets to be written in at about twice that sum, which is what they were worth, but Knox persuaded it against this lest the Colonial Office should think that the grievances of which CSR had complained had been dispelled.⁶⁴ The valuation of assets according to political circumstances was to be repeated in later years, and formed an important aspect of CSR's financial management in Fiji. Nevertheless, as calculated in Table 5.5, from 1915 to 1923 the Fiji and New Zealand company had made a return on investment of 118 per cent, an average of 14.75 per cent a year. Since the yield from assets in New Zealand was less than in Fiji, returns from the latter must have been even higher. They would have been greater still if the company had sold sugar to New Zealand at the world price. They certainly compared favourably with the maximum of $7\frac{1}{2}$ per cent charged on overdrafts at the time by Australian trading banks.⁶⁵ Since over the period CSR undertook little new investment in Fiji, nearly all the profits were to the benefit of people living outside the colony. The company had taken out more than it had put into Fiji.

Not only was salvage of the sugar industry to the advantage of CSR: the colony also gained. In the short term Fiji was saved from massive economic dislocation, involving a sharp reduction in Indian living standards and the loss of rents to Fijians. In the long run, given the colony's distance from important markets for tropical products, the high returns to land and labour of sugar (under preferences) compared with other commodities, and the nature of plantation enterprise which, regardless of the crop, seeks to maximize profits to itself rather than returns to the rest of the community — in other words, given the real world — continuation of the industry probably meant higher incomes to Indians and higher rents to Fijians than would have been possible if the land had been put to some other use. Moreover, the continued presence of CSR enabled Fiji to benefit from the company's exceptional expertise in marketing and milling. The results of technical research on sugar done in Queensland, for example, were passed on to the colony. Further, during the inter-war years, Australia became the largest exporter of raw sugar in the British Commonwealth, and as agent of the Queensland government CSR handled all of the dominion's exports. In the process the company acquired considerable experience and knowledge of marketing, and these were made available to Fiji as well.

On the other hand, the Fiji industry had lost much of its international competitiveness. Henceforth, it would continue only with the help of subsidies, notably the imperial preference. In this respect, the colony's position was little different from that of sugar producers in the rest of the world, both inside and outside the Empire, most of whom also depended on some form of preferential treatment. However, as might be argued by George Beckford and others that Fiji was ill served by sugar preferences since they increased the economy's dependence on those who paid the subsidies — Britain and Canada.⁶⁶ One result of this dependence was that Fiji was denied an opportunity to process sugar up to 99° polarisation, instead of the standard 96°. 'Plantation white' sugar, which is only marginally inferior to the refined product (100° polarisation), is suitable for industries which use inputs of sugar. It fetches a higher price than raws of lower quality, and leaves a larger quantity of molasses in the exporting country; for as well as from milling, molasses is a by-product from refining. Against this, the costs of producing raw sugar are less, while in a given time a bigger quantity of the latter can be obtained. In 1927 a committee of experts in Mauritius decided that in existing circumstances it was preferable to produce plantation white sugar of a very high quality rather than raws which were less pure. But to protect its refining interests, in 1928 Britain altered the imperial preference to make it uneconomic to export sugar of 99° polarisation. Together with similar barriers in other countries, this prevented Fiji — if it had wanted to — from exporting sugar of higher quality.⁶⁷

Moreover, the payment of subsidies enabled CSR to remain in the colony. During the height of the crisis in 1921-22, officials had considered what would happen should the company be forced to withdraw. They had decided that the mills would have had to be run on a co-operative basis, owned and supplied by Indian farmers.⁶⁸ In many ways this might have been a better structure for the industry than allowing CSR to continue, for it would have avoided the conflict of interest between miller and grower that was to prove so harmful to Fiji in the years ahead. After payment of compensation to CSR it would also have enabled profits from milling to be retained within the colony. So against the definite benefits from saving the company's investments in Fiji, there were disadvantages which underlined the constraints on sugar's contribution to economic development.

Chapter 6

The smallfarm system, 1924-1939

During the 1920s and 1930s important changes occurred in the Fiji sugar industry and in its relation to the rest of CSR's operations. The transition from estates to the small-farm system of production was completed. Closure of the Tamanua mill in 1922 and the purchase of Penang four years later left CSR as the sole miller in the colony. Britain gradually replaced New Zealand as the chief market for Fiji's sugar (see Table 6.1), which meant that, with the company's Auckland refinery switching to alternative supplies, the industry became far less integrated into the rest of CSR's activities. At the same time the relative importance of Fiji to the company as a whole declined. After World War I there was a rapid expansion of the Australian sugar industry which was partly financed by CSR and by 1939 this had caused the company, as agent of the Queensland government, to become one of the largest exporters of raw sugar in the world. Further, in the late 1930s CSR increased the range of by-products it manufactured from raw sugar — notably building materials. As a result it concentrated capital expenditure in Australia rather than Fiji.

Despite these changes, constraints on the industry's contribution to economic development remained. True, the transition to smallfarming provided growers with higher incomes than if they had been wage-earners — and this was important. Yet the leakage of income abroad through the purchase of imports and repatriation of CSR's profits continued. The company's contribution to income growth was still limited by its dependence on overseas markets and the location of refining, distilling and other processing facilities outside Fiji. CSR's obstruction of agricultural diversification in cane areas, of which there had been at least one major example before 1914, was to be repeated so that the under-utilization of land and labour remained. Of great importance would be the continuation of company efforts to keep down wages and the cost of cane, which would

lead to strikes by cane growers in 1943 and 1960. The conflict of interest between CSR and farmers was to be a dominant theme in the history of the industry. And as before, on questions of major importance government — and at times the chiefs — tended to side with the company.

CSR's conflict with growers was exacerbated by the company's attempts to minimize the disadvantages of smallholder as against plantation agriculture. The relative merits of the two have been the subject of academic debate, in which (along with arguments in the other direction) the inefficiency of the former has been frequently stressed.¹ Compared with plantations, the smallholder's returns per unit area tend to be low because of poor yields and quality. Left to himself, he will also lack the economies of scale normally associated with plantations and reflected in the systematic organization of cultivation, harvesting, transport and so on. To overcome these problems smallholder production has often been organized so that it embodies certain characteristics of the plantation — the organization of growers so that they work in teams, for example, or the close supervision of farmers so effectively making them little different from plantation labourers because important decisions are taken by others. Smallfarming in the Fiji sugar industry illustrates one such attempt to combine with peasant agriculture benefits from the plantation mode of production.

At first sight, the pattern of smallfarming as it had evolved by World War II looked very different from the plantation system which had preceded it. Of the 91,812 acres cultivated in cane, 97 per cent were on smallholdings. The total number of these was about 10,000, nearly all of them occupied by Indians.² Tenants on CSR land, which included the vast majority of former plantations, accounted for 52 per cent of the area under cane, and contractors for 45 per cent (see Table 6.2). Contractors held land under several forms of tenure. Some possessed it as freehold, others rented from private owners, but most held native leases usually for periods of up to twenty-one (later thirty) years.³ Tenants leased land from CSR on ten-year terms. Very few leases — and none issued by CSR — carried an automatic right of renewal, but it was normal for the company and most Fijians to renew. The farms of contractors were generally smaller than those of tenants: 87 per cent, against 31 per cent of contractors, had farms ranging from 8 to 15.9 acres in size. Half the contractors had farms of fewer than 8 acres, and only 19 per cent 16

Table 6.1

Raw sugar exports from Fiji, 1920-39

Year	Direction of exports (tons)					Total	Approximate value per ton (£) ^a
	Australia	Britain	Canada	New Zealand	Others		
1920	2,285	—	12,775	57,914	11	72,985	29
1921	5,365	—	4,505	62,732	22	72,624	28
1922	3,050	2,940	5,300	60,418	23	71,731	19
1923	2,331	—	222	41,519	36	44,108	20
1924	—	—	6,013	38,419	40	44,472	17
1925	—	—	56,902	34,809	33	91,744	15
1926	6,165	—	14,415	36,358	53	56,991	14
1927	208	—	57,271	15,236	37	72,752	15
1928	—	12,365	79,485	28,781	52	120,683	15
1929	432	21,989	45,020	4,783	51	72,275	12
1930	3,165	39,430	38,604	9,739	41	90,979	9
1931	549	7,122	54,340	5,897	29	67,937	9
1932	—	70,984	54,781	5,525	12	131,302	10
1933	—	63,763	47,712	2,349	12	113,836	11
1934	—	56,468	46,275	1,116	4	103,863	10
1935	—	85,353	49,244	1,031	4	135,632	10
1936	—	82,636	57,123	1,103	2	140,864	9
1937	—	71,456	57,002	1,191	44	129,693	11
1938	—	75,296	57,983	1,111	25	134,415	10
1939 ^b	7	49,343	68,793	84	243	118,470	12

Source: Government of Fiji trade reports, 1921 to 1940.

Notes: ^a Approximate average value per calendar year, not per season.

^b Exports to Canada exceeded those to Britain because of the effects of the outbreak of war.

Table 6.2

Development of cane farming. Areas cultivated 1925-44

Year	Total area under cultivation	Cultivated by							
		Company		European planters		Indian and Fijian tenants		Indian and Fijian contractors	
		Acres	Percentage of area	Acres	Percentage of area	Acres	Percentage of area	Acres	Percentage of area
1925	64,963	33,679	52	4,446	7	6,905	10	19,933	31
1926	67,494	30,350	45	4,040	6	9,080	13	24,024	36
1927	70,526	28,828	41	3,677	5	11,448	16	26,573	38
1928	75,007	23,700	32	2,342	3	20,710	28	28,255	37
1929	77,645	20,025	26	2,004	3	25,559	33	30,057	38
1930	78,250	17,641	22	1,611	2	27,896	36	31,102	40
1931	78,373	12,610	16	1,133	1	34,300	44	30,330	39
1932	80,939	9,160	11	744	1	39,412	49	31,623	39
1933	83,692	7,450	9	645	1	43,077	51	32,520	39
1934	84,497	5,335	6	658	1	44,989	53	33,515	40
1935	87,738	4,874	5	661	1	45,690	52	36,513	42
1936	89,924	4,532	5	653	1	46,031	51	38,708	43
1937	91,197	4,500	5	717	1	46,139	50	39,841	44
1938	91,475	3,219	4	369	—	47,405	52	40,482	44
1939	91,812	3,126	3	240	—	47,421	52	41,025	45
1940	91,624	3,111	3	206	—	47,268	52	41,039	45
1941	92,628	3,153	3	161	—	46,521	50	42,793	47
1942	94,046	3,119	3	221	—	46,439	50	44,267	47
1943	90,513	2,728	3	197	—	45,383	50	42,605	47
1944	89,059	2,425	3	197	—	45,332	51	41,105	46

Source: C.Y. Shephard, *The Sugar Industry of Fiji*, 38.

- Notes:
1. Penang Mill figures are included from 1928 onwards.
 2. The decline in areas cultivated after 1942 was due to resumption of land for military purposes.
 3. Records are not available for years prior to 1925.

acres or more. The picture was of considerable diversity among a large number of small growers.⁴

Yet in a most important way there was similarity between the plantation and the smallfarm systems: they were both dominated by CSR. Indeed, after buying the Penang mill in 1926, the company was the only purchaser of cane in the colony; it paid the same price throughout the period — 13s 6d a ton for 13 per cent P.O.C.S. (11 per cent at Nausori), with a bonus of 1s 3d for every 1 per cent above the standard, and a deduction of 1s 8d for every 1 per cent below. Growers were closely supervised by a large staff of company field officers, each being responsible for between 100 and 200 farms. Through these officers the results of CSR's experimental work were brought to the farmer, credit for essential cultivation and living expenses was made available to growers at 6 per cent interest a year,⁵ farm implements were hired out and fertilizer sold. CSR attached great importance to the regulation of growers' cultivation practices. The Memorandum of Purchase of Cane, a legally binding agreement made by CSR with each grower, stipulated that cane varieties should be approved by the company, that plant cane should be sown before 30 June, that cane would be purchased only if the company considered it fit for manufacture and, in a very sweeping clause, that 'crops must be tended and harvested to the complete satisfaction of the company'. If any action of government or a public authority increased CSR's costs, the company reserved the right to reduce the cane price. These agreements were designed to enable CSR to maximize the output of sweet cane over a long period of time.⁶ This, and the prevention of an increase in the price of cane, were the company's principal aims. But the realization of these objectives, partly through the enforcement of its agreements with farmers, depended on the extent of CSR's influence with growers, on whether in effect the company could bring to the smallfarm system that essential characteristic of the plantation — tight control over labour.

Company control over growers

The task was made more difficult for CSR by the divergence of interest between farmers and the company. This is not to deny their dependence on each other — CSR for supplies of cane and growers for a market. Nor is it to ignore the fact that the company's interest in high yields per acre in order to obtain the maximum cane for the mill

was shared to a large degree, but for different reasons, by growers. Occupying relatively small holdings, cane farmers had to adopt an intensive rather than extensive form of agriculture, the effect of which was to make large returns from labour partly depend on high returns from land. Sizeable incomes per acre were needed to earn the equivalent of high wages. In its revenue per acre and per hour worked, cane was a more remunerative crop than the main alternatives open to an Indian farmer in Fiji. No figures are available for the profit per acre or returns from labour of growing cotton, but it was generally recognized that these were less than for cane.⁷ There are, however, some estimates for the cultivation of rice. The Department of Agriculture reckoned in 1938 that the average profit per acre of growing padi was £2 5s 0d. This required about thirty man-days of work, making the equivalent of 1s 6d a day in wages. The figures were higher if the rice was milled by the grower himself.⁸ For sugar the average return for a day's work would have been about 9s 7d.⁹ Not surprisingly, sugar came to be regarded as a high caste crop and as such, depending on the amount of work involved, it carried an incentive for Indians to increase yields per acre so that average returns from labour would rise too. Furthermore, growers had an incentive to increase not just the output of cane but also its sweetness, because before 1940 payment was on the basis of quality as well as weight, deliveries from each grower being chemically tested. In these ways the interests of farmers were close to those of CSR.

Yet in important respects the interests of the two parties diverged. The main concern of growers was to maximize returns from their inputs of labour, but often they could only do this by reducing the returns to CSR from its inputs. Land was a good example of this.¹⁰ The company wanted to maximize its returns by obtaining the largest possible output of sweet cane, yet although returns from labour partly depended on this, at times the maximization of labour returns was incompatible with the maximization of returns from land. This was particularly the case where uncertainty about the future discouraged growers from taking a long-term interest in preserving soil fertility. The problem for Indian farmers was that there was no guarantee of renewal when leases expired. Professor C.Y. Shephard, an agricultural expert from the West Indies who examined the sugar industry in 1944, found that the ten-year leases granted by CSR (to maintain the company's control over growers) were too short to enable the farmer to identify

his welfare with that of the land. The same applied to leases held by contractors.¹¹ Uncertainty was increased because, with price dependent on keeping the imperial preference, CSR was unable to fix cane prices for more than three years ahead.¹² Given their lack of security, the incentive for growers was to maximize returns from labour in the short term regardless of the long-term effects on the soil¹³ — a situation diametrically opposed to the interests of CSR.

Moreover, although average labour returns from cane were higher than from rice, if a small part of the farm was planted in padi or another food crop, marginal returns from labour were likely to be increased. A small subsistence garden provided security against failure of the cane crop, a guarantee that the labour spent on tending the farm would yield at least some return. The value of this security was thought, especially by those from south India, to be greater than the value derived from planting the additional area in cane. Furthermore, there was the saving of time that would otherwise have been spent in walking to the market for food, and perhaps finding supplies not available. The planting of subsistence crops threatened CSR's returns from land since there was a possibility that the area under cane would be reduced, that crops would be grown on soil which should have been fallowed, and that in the case of rice labour inputs would be required at times which would interfere with the cultivation and harvesting of cane.¹⁴ Thus the desire of growers to obtain high returns from labour in the immediate future conflicted with the company's need to secure the maximum quantity of cane over a longer period.

One partial solution might have been for CSR not to have charged its tenants exceptionally low rents, which was its practice, but to have fixed rents so that they more accurately reflected the market value of the land. The rise in farm costs would have been offset by an increase in the price of cane, while CSR would have been compensated for the higher cane price by receiving more in rent. Growers would then have had an incentive to pay more attention to the returns from land. The cost of growing rice, for example, would have been higher so reducing, because its wholesale price was related to the cost of imports, the marginal returns from planting padi instead of cane.¹⁵ However, the situation in Fiji, where by 1939 nearly half the growers were on non-company land, prevented CSR from adopting this course. Since it had to pay all growers the

same price to avoid dissatisfaction among those who would have received less, the company would have had to increase the cane price to contractors as well as to its tenants. The result would have been a rise in its total expenses, for it could not have recouped the extra outlay through higher rents from those on non-CSR land. Indeed, by paying more for cane the company would have encouraged other landlords to raise rents, so that ultimately contractors would have been little better off whereas landowners other than CSR would have done rather well. The company's best option was to keep rents as low as it could. It leased its estates at between 7s 6d and £1 an acre depending on fertility,¹⁶ this being enough to cover the rent it paid to Fijian owners and part of the cost of improvements. CSR did not expect to profit overall from these rents for it knew that its reward lay in having to pay less for cane, but the result was that the incentive for farmers to maximize returns from land was reduced.

The same was true in the use of artificial fertilizer and of certain farm implements provided by the company. CSR's need was to minimize farm costs and ensure that the inputs it supplied were used to the company's advantage. Thus it could either provide fertilizer at cost, allowing growers to benefit from its ability to purchase in bulk, or it could aim to make a profit on the sales. The advantage of the latter would be to increase the incentive for growers to apply fertilizer in ways that would maximize yields from the land. The higher the price the greater the opportunity cost of inefficient application. But the disadvantage to CSR would have been that unit costs on the farm would have been higher than if fertilizer had been sold more cheaply, so adding to potential pressure for an increase in the cane price. To have granted a rise would have caused a loss of income to the company, since profits from fertilizer sales to those who needed it would not have offset the higher price of cane all round. Not all farms required the same quantity of fertilizer. Generally, plant cane on first-class land received no artificial fertilizer, whereas that on third-class soil required a considerable amount. Consequently, CSR adopted the alternative of supplying fertilizer at cost.¹⁷ The danger from this was that it would encourage waste since the cost to the farmer of inefficient application was less. He might consider the cost of wastage outweighed by the saving in labour from not having to apply the fertilizer more carefully. CSR could overcome this problem either by increasing the total supply of fertilizer which would

add to farm costs or, which it preferred, by the exercise of tight control over growers. There were similar difficulties over the rental of farm implements, notably disc ploughs, which were too expensive for growers to buy. CSR made them available at a rate barely sufficient to cover the cost of maintenance, so that they were cheaper than if they had been rented on normal commercial terms.¹⁸ The result was that from the company's view they were used inefficiently. Wanting to reduce its capital stock, CSR complained that the reluctance of growers to co-operate in the use of disc ploughs meant that a larger number was required. This was because farmers wanted to use disc ploughs at the same time, when conditions were most suitable. If they waited, the weather might change, ploughing become more difficult and the amount of labour required for the work increase. Yet rather than charge a higher rental, the company tried to realize its aims by exerting pressure on growers.¹⁹ In short, it preferred to substitute for economic incentives the paternalistic control of its staff.

There were, then, occasions when the concern of farmers to maximize returns from their labour conflicted with CSR's desire to maximize returns from the inputs it supplied. There were also times when CSR wanted to use growers' labour in ways that would secure for the company the optimum use of its inputs, but at the expense of returns to the grower. In the past, plantation labourers had been organized as gangs to do weeding, harvesting, and so on. This had afforded certain economies of scale. Co-operative labour was more productive than individuals working on their own, and supervision was easier. Though under the smallfarm arrangement growers were expected to cultivate their farms as individuals, CSR continued the system of gangs for certain tasks that were essential if a large supply of cane was to be secured over a long period. Gangs were used for harvesting, the upkeep of main drains, the weeding of tramlines and the removal of stools affected by the Fiji and Mosaic disease (known as roguing).²⁰ The company advanced wages to members of the gangs, and charged the cost on a *pro rata* basis to growers who benefited from the work. Obviously it was in CSR's interest to keep down wages and so stabilize farm costs, but this was not easy to achieve. The individualistic nature of Fiji-Indian society reduced the attraction of co-operation to growers and made them less willing to join gangs. To this was added the acute general shortage of wage labour during the 1920s and early 1930s, with the result that there was constant upward pressure on wages.

As Dixon observed in 1923:

Of course, the smaller men, and those whose crops are mortgaged to the hilt, may be more interested in keeping the wages up rather than down, but if the growers can be made to work the lesser demand for labour from outside will tend to keep the rates within reason.²¹

And growers were made to work. Since the wages offered for casual employment were too low to attract labourers in sufficient numbers, CSR had to force growers, much against their will, to 'volunteer' for employment in the gangs or in the mills.²² Great emphasis was placed by the company on the control of gangs by its staff. Till the early 1940s, after which they were elected, sirdars in charge of each gang were appointed by overseers and were expected to demand the maximum work from those under their charge.

The conflict of interest between CSR and farmers made it both necessary, and more difficult, for the company to impose control over growers. From its experience with European planters, CSR well understood the importance of credit in this respect.²³ Advances were a means by which field staff could ensure that growers worked to the satisfaction of the company. A request for credit from CSR had to be approved by the overseer who was familiar with the farmer's work and with his financial position. Credit could be refused if a grower failed, say, to apply fertilizer as directed. It was hard for farmers to escape this instrument of control, for company credit generally at 6 per cent a year was far cheaper than that available from other sources. Interest of up to 60 per cent was common for loans obtained from Indian storekeepers and money-lenders.²⁴ The opportunity for tenants to incur debts from outside the company was more limited than for contractors, because CSR forbade the grant of a lien or encumbrance over crops except to the company. Moreover, demand for credit was large. Tenants had to meet the value of standing crops when they took over their farms, while for contractors there were the initial costs of preparing the land for cane and so on. Very few growers had the resources to finance their consumption and cultivation expenses over the period from planting to harvesting the crop eighteen months later.²⁵ In this situation, the company's ability to offer cheap credit gave it great leverage over growers. In fact, apart from the monopoly of milling, this was its main instrument of control.

Almost as important was the land held by CSR. The threat of eviction was a means by which the company could force tenants to obey its instructions. Though in later years CSR would, quite justifiably, emphasize its excellent record as a landlord, before 1939 there were times when it used its power of eviction. In 1936 it ejected four tenants who had led an industrial dispute on the Ellington estate near Penang.²⁶ The influence arising from control over land may have been one reason why the company refused to finance Europeans who wished to buy land and lease it to Indians. In 1925, N. Chalmers and C.J. Easton asked CSR to help them buy a property near Lautoka, which they would have used for this purpose. The company refused, preferring itself to buy the land for £10,000.²⁷ Part of the motive was to reduce the number of landlords who exploited their tenants, a major preoccupation of CSR which feared that high rents would lead to demands for high cane prices.²⁸ But also important, perhaps, was the knowledge that if land was held by the company the ability to enforce its will on growers would be greatly increased. The power that its landholdings conferred on CSR was well understood by contemporaries, who partly attributed to this the higher yields on tenants' farms compared with contractors': the poorer soil tended by most contractors was also a factor.²⁹ It would be wrong to conclude, however, that control of land affected the company's influence with tenants alone. Its power over tenants increased the authority of overseers in general, adding weight to their dealings with growers on non-company land. The impression of overseers today (known as field officers since 1940) is that the withdrawal of CSR in 1973 has reduced their influence with tenants and contractors alike because the company's successor, the Fiji Sugar Corporation Ltd, did not acquire control of CSR land.³⁰

In a phrase that has often been quoted, Shephard in 1944 described the field officer as a 'guide, philosopher and friend of the farmers'.³¹ This was how CSR liked to present the situation, but it was certainly not the Indian view before 1939. Growers saw the overseer as a man who acted arbitrarily, who demanded of them work which they were reluctant to perform, and who used brute force at times to ensure that his orders were carried out.³² It was not advice they received from the field staff: it was control imposed from above.

CSR and other interests in the colony

This control would be weakened if the smallfarm system were subject to influences which might produce discontent among growers. Thus if alternative cash crops were allowed to compete with sugar, labour might be drawn away from the mills and the cultivation of cane, leading to a fall in production and a rise in wages. Or, if in the widespread process of currency realignments in the early 1930s the Fiji pound was allowed to depreciate by too large a margin, import prices would rise, forcing up growers' costs of living and perhaps producing demands for a higher cane price to compensate. Again, if there was no security of tenure for growers on Fijian land, farmers might be inclined not only to overcrop the soil but also to start industrial agitation to obtain better terms, thereby jeopardizing the supply of cane. Finally, the high interest rates on loans made to growers by storekeepers and money-lenders reduced real farm incomes, so increasing the possibility that farmers would eventually press for a rise in the price of cane. All these were matters which were of great concern to CSR in the 1920s and 1930s. They raised very acutely the question of how far the company could maximize its profits.

Now obviously this made it very important for CSR that it should still have a great influence on government policy. Yet in one way the replacement of European planters by Indian growers had reduced its influence. Previously, the company could threaten to pass on to its suppliers any increase in costs arising from official action or inaction, but after 1923 this was less easy as everyone knew (following the refusal of Indians to plant in 1922) that 13s 6d was the minimum price growers would accept for their cane, and that if necessary Indians would be far more willing than Europeans to resort to subsistence farming. In the past, the minimum price for which Europeans would have grown cane had never been clear. On the other hand, because threats to close at least one of its mills seemed to carry more weight in the 1920s and 1930s than before, CSR still could have a great effect on policy.³³ At first no one could be sure that the transition to the smallfarm system would succeed, while later the fall in raw sugar prices because of the world depression made the continued operation of the least profitable mills in Fiji (Nausori and Labasa) appear distinctly uncertain.

In these circumstances, it was understandable that government should wish to support CSR as far as it could. With memories of the 1920 and 1921 strikes still vivid, officials wanted to avoid the political repercussions of a fall in Indian living standards should the smallfarm system fail. They were supported by most of the European community which, in contrast to its generally antagonistic attitude before and during World War I arising from short-term tactical differences with the company, now identified its interests more closely with CSR. The settlement of Indian farmers provided merchants with an exceptionally stable market in the 1930s, despite the depression, because CSR was unable to offset the fall in raw sugar prices with a reduction in the price of cane.³⁴ Moreover, from at least since the war the company had patronized local traders where possible, and had directed its custom specially to those with political influence. It purchased farm implements, for example, not from Burns Philp but from Morris Hedstrom Ltd because J.M. Hedstrom, who had a large stake in the firm, was a prominent European and sat on the Executive Council (as also did H.M. Scott, CSR's legal adviser in Fiji).³⁵ The close interest of Hedstrom in the purchasing power of the company reinforced the improved relations between CSR and the European community, with the result that on the whole there was less pressure on government to oppose the company than there had been in the past. Yet although the attention of Europeans was focused on their long-term strategic interest in the continued prosperity of CSR, differences on matters which did not affect the viability of the company's operations still arose. On such occasions, and when the interests of the Fijians were involved, the views of CSR were not always decisive. The company was only one of several parties in the alliance between Fijian chiefs, government and European capital. Nevertheless, its opinions were listened to with respect, and influenced to a significant degree the outcome of official deliberations. The importance that government attached to CSR's views was well illustrated in 1926 when, with the Executive Council's approval, the proposed budget was secretly submitted to the company for its comments before being presented to the legislature. As CSR's inspector remarked with glee, 'from our point of view it is a great position to be in'.³⁶

CSR's views were especially decisive on the question of diversifying the economy. It feared that the development of commercial agriculture outside the sugar industry would increase competition for labour, so making it more difficult

for the company to obtain manpower for work in the gangs or in the mills. This would have been particularly the case if wage rates for casual labour outside the industry were higher than for workers within. Moreover, the larger the supply of labour the more selective CSR could be in its recruitment of growers. These considerations were in direct conflict with government, which wanted to diversify agriculture. Alarmed by Fiji's dependence on sugar, whose price was subject to wide fluctuations on the world market, officials hoped that diversification would place the economy on a more secure foundation.³⁷ It would also enable idle land, often quite close to the sugar belt, to be brought into productive use.³⁸ Government was keen to encourage an expansion of copra and banana exports (normally grown well away from sugar areas) and to promote new exports like pineapples and cotton.³⁹ But it was difficult to get a remunerative price for exports. The fall in commodity prices during the depression was an obvious problem, though not the only one. The opportunity for increased trade with Australia and New Zealand was limited by competition from producers within the dominions or their dependencies. Both Australia and New Zealand, for example, placed import quotas on bananas from Fiji. Any hope of increasing its share of their markets depended on the colony being able to offer trade concessions in return.

Yet Fiji was handicapped in this by its dependence on sugar, and in particular by the vertical integration of much of CSR's activities, despite the smaller volume of sugar going to Auckland. Coal, one of the colony's most important imports,⁴⁰ was brought by CSR from Newcastle in Australia. The company refused to obtain its supplies from the south island of New Zealand, as was once suggested, since it transported coal in its own steamers which on their return trip took Fiji molasses to Sydney. It would have been uneconomic to divert the vessels to New Zealand. Similarly, because the company had its principal workshop in Sydney, it refused to have its Fiji machinery repaired in Auckland. So for these imports the Fiji government could make no concessions to New Zealand and, by the same token, could not threaten to divert trade from Australia. Furthermore, Fiji could not offer a more generous preference than it gave British imports since the preference on British goods, at least up to 1932, was a quid pro quo for the imperial preference on sugar. The colony could only offer countries which gave its exports favourable treatment a reciprocal preference equivalent to what was given to

Britain. The value of such an offer was correspondingly reduced. So it was that in negotiations for a trade agreement with New Zealand before 1932, at the Ottawa Conference (1932) and in subsequent attempts to gain access to Australia for exports of fruit and cotton, Fiji's negotiating position was considerably weakened.⁴¹ She was forced to rely heavily on markets in Britain and Canada where her competitors had the advantage of lower transport costs. How far this determined the outcome of attempts to diversify the economy is hard to say: what is certain is that the sugar industry did not help.

On the supply side, too, except for copra and bananas, the influence of CSR was considerable, for it purchased land to prevent its use for competitive crops. In 1925 the company heard that land at Yaqara, lying between Tavua and Ra, might be sold and put under cotton. Fearing that this would damage the very bleak labour position at Tavua, CSR bought Yaqara and imported a stock of Herefords to be grazed on it.⁴² In another pre-emptive strike the company acquired the Penang mill in 1926. Government was experimenting at Vitilevu Bay to see if pineapples could be grown commercially in Ra,⁴³ and there were rumours that Penang might be purchased by a canning company. Through buying the mill and keeping the area under cane, CSR hoped to 'push pineapples further afield and so make them less attractive to Indians'.⁴⁴ The colony probably benefited from the continuation of sugar production at Penang, since it is unlikely that a crop with higher returns from land and labour could have been found. Yet by controlling the land CSR removed the opportunity to experiment with such crops, and possibly prevented the evolution of a system of mixed farming in the district. In terms of the optimum use of resources, the benefit to the colony from the company's acquisition of Yaqara was less, for CSR failed to obtain maximum returns from the land. Following a visit to Fiji in 1937 Sir Frank Stockdale, Agricultural Adviser to the Colonial Office, remarked that CSR's Herefords were the finest he had seen in the tropics,⁴⁵ but the quality of the herd was not maintained. Some twenty years later an expert from Australia reported that the cattle were undernourished, and that the pasture was deficient in nitrogen.⁴⁶ Specialization in sugar had prevented CSR from paying attention to this.

More significant, perhaps, was the company's obstruction of government attempts to diversify Indian smallfarming.

Officials wanted to encourage the production of Indian foodcrops to reduce the demand for imports. In particular J.R. Pearson, Secretary for Indian Affairs in the early 1930s, pressed for the development of cash crops so that, should the depression force CSR to curtail production, Indians would have an alternative to cane. CSR feared that if subsistence or cash crops were grown alongside cane they would compete for land and labour, making it harder for the company to control farmers' cultivation practices.⁴⁷ However, CSR did provide growers with small rice plots on marginal land, hoping in this way to reduce the cost of living and effect an increase in the real price of cane. These plots were particularly numerous at Labasa, where the company controlled extensive areas unsuited to cane. In 1929 seasonal conditions favoured rice and a regular boom set in. Even sugar farmers joined, to the neglect of their cane land, forcing the local mill manager to tighten restrictions on the cultivation of such crops. Pearson was perturbed by this but was unwilling to intervene because, as he put it, CSR was a large corporation and government needed its co-operation.⁴⁸ The company itself did very little to develop subsistence and cash crops which could be rotated, or grown inter-row, with cane. Its interest was in profits from the mills, not in mixed farming which might reduce the seasonal underemployment of growers. Stockdale lamented the failure to diversify crops in the cane districts — CSR's research into this was quite inadequate — and his complaint was to be echoed on numerous occasions in the future.⁴⁹

It was left to the inadequately funded Department of Agriculture to experiment with crops that might be grown with cane. Cotton was thought to be a possibility. The cotton boom of the late 1860s had shown that the Sea Island variety flourished in Fiji, but since then the problem had been the colony's distance from the European market. As part of efforts to increase the production of Empire cotton, after World War I trials had been made in Fiji and some cotton had been exported to Britain. Attempts to persuade Indians to grow the crop had, however, been hindered by CSR's refusal to carry it on its tramlines.⁵⁰ The company feared that cotton might compete with sugar for Indian labour and that its transport would interfere with the movement of cane during harvesting.⁵¹ Experiments were abandoned during the height of the depression but were resumed in the mid-1930s. In 1937 Stockdale emphasized the value of cotton as a rotation crop with cane. Not only would it benefit the land by improving aeration and the tilth of the soil as well

as by maintaining fertility, but it would also yield an income — just under £5 an acre, gross — whereas the existing rotation crop, cowpea, did not.⁵² Government eventually developed a high quality cotton for which a limited market existed in Britain, but efforts to encourage its cultivation were impeded by a lack of co-operation from CSR. There were frequent complaints about this from Dr H.W. Jack, the Director of Agriculture. The attempt was finally abandoned in 1941, just before the receipt of a report from Messrs Dalgety and Co. Ltd which suggested that, under wartime conditions, there might be a market in Australia if Fiji cotton could be sold in sufficient quantities. CSR had played a large part in preventing the required supply from being available. And more important, as Pearson commented in 1932, the company's opposition to the development of alternative crops had reduced the willingness of officials to try.⁵³ Jack had pushed cotton in the 1930s in the face of indifference from many of his colleagues. When it was abandoned he predicted, with some truth, that the industry was unlikely to be revived and that Fiji as a source of excellent quality cotton might be overlooked in the future.⁵⁴

Another concern of CSR was with the rate of exchange. Though it would benefit from the increased value in local currency of its export earnings, it was very much in the interest of the company to prevent a large depreciation of the Fijian pound. Devaluation could cause a rise in internal prices, which in turn might provoke an irresistible demand for an increase in the price of cane. The last thing the company wanted was a confrontation with growers, yet if it granted an increase on the grounds of a rise in the cost of living, farmers might treat this as a precedent for the future. To buy off conflict in the present might make it harder to control growers later on. Before 1933 the exchange rate was fixed by the two banks operating in Fiji, the Bank of New South Wales and the Bank of New Zealand. The custom was to keep the rates between Australia, New Zealand and Fiji at par, but to let their rates against sterling vary. Fiji's exchange on London was quoted at the same rate as that of Australia, so that when the Australian pound began to depreciate in late 1929 the Fijian pound followed suit (see Table 6.3). This arrangement was abandoned on 22 January 1931, when the total Australian devaluation had reached 25 per cent. Rates between Australia, New Zealand and Fiji were fixed so that they reflected differences in their rates on London, and the value of Fiji's currency against sterling was based on the New Zealand rate in London

instead of Australia's. After the revaluation this entailed, the Fiji rate was stabilized from the end of January at £Stg110 = £Stg100, a devaluation since 1929 of 10 per cent. Following the devaluation of the New Zealand pound two years later, the Fiji rate was raised by an equivalent amount making a total devaluation of about 25 per cent.⁵⁵

Table 6.3

Changes in the Australian, New Zealand and Fiji
exchange rates against £ sterling

Date	£Stg 100 =		
	£ A	£ NZ	£ F
March 1930	106	100	106
April 1930	106	105	106
9 Oct 1930	109	105	109
5 Jan 1931	115	105	115
13 Jan 1931	118	105	118
14 Jan 1931	118	107½	118
17 Jan 1931	125	107½	126
22 Jan 1931	125	107½	107½
29 Jan 1931	130	110	110
3 Dec 1931	125	110	110
20 Jan 1933	125	125	125
28 Mar 1933	125	125	111

Source: R.F. Holder, *Bank of New South Wales : A History, Volume II 1894-1970*, 681-781; also from a confidential report.

The banks justified the new rate on the grounds that Fiji had an adverse balance of payments against London. This arose from CSR's practice of not remitting to the colony the £Stg800,000 it received each year from the export of Fiji sugar. Some of the proceeds, but no more than £Stg200,000, were used to finance the sterling imports needed for its operations in Fiji. The rest was used to pay for the company's imports in Australia and New Zealand. The result was a large balance of payments deficit between Fiji and London.⁵⁶ In theory this should have been offset by an inflow of funds from New Zealand, because CSR used the profits from its Auckland refinery to finance its activities in Fiji. Yet, unknown to others in the colony, no such inflow occurred. Under arrangements dating from the 1920s, CSR held on special deposit in Fiji over £F800,000,

against which the banks advanced the company's working expenses. It seems that these advances were repayable in New Zealand at par, irrespective of alterations in the exchange.⁵⁷ Thus if the Fiji currency was left at a lower rate than New Zealand's in January 1933, the banks could expect to make a loss. They would be repaid their loans to the company, but in a currency worth less than that in which the advances had been made. Against the banks' desire for a devaluation was the government's hope for a revaluation that would return the Fiji pound to parity with sterling.⁵⁸ Able to recall the rampant inflation that had accompanied the depreciation of central European currencies in the mid-1920s, officials were understandably concerned about the possible inflationary effects of devaluation in Fiji. They also knew that devaluations in the Empire — and of course elsewhere — would reduce the competitiveness of British exports.

Between the interests of the banks and of government stood those of CSR. The company wanted a limited devaluation because it would increase the value in Fiji currency of its exports, but it did not want the depreciation to be much more than 10 per cent since this might lead to a sufficient rise in prices to cause unrest among growers. It was thought a 10 per cent devaluation would be accepted by farmers, since the ensuing rise in import prices would be offset by the general fall in commodity prices associated with the world depression. CSR's desire for a 10 per cent devaluation was shared by the major export/import firms in the colony. The supply of Fiji's most important exports after sugar, copra and bananas, would not have been very responsive to the effects of devaluation since copra has a long gestation period — about seven years — while the export market for bananas was limited. Though in the short term profits from exporting these crops would be increased by a large devaluation, major exporters like Hedstrom were also substantial importers and, if devaluation caused a large rise in prices, they could expect to see these higher profits outweighed by a decline in the demand for imports. A limited devaluation would increase export earnings without greatly damaging their import trade.⁵⁹

These interests combined to put pressure on government to allow a limited degree of devaluation, but to oppose the rate favoured by the banks. Their view prevailed at a London conference, held in June 1933, at which were represented the Colonial Office, the Fiji government, CSR, other

exporters in the colony and the banks. It was agreed, though with reluctance by the banks, that government should have control over the exchange rate, which was to be fixed at £F111 = £Stg100. To persuade the banks to accept this, CSR promised to make available to them £Stg400,000 from its annual Fiji earnings in London, so as to reduce the Fiji/London balance of payments deficit.⁶⁰ In other words, the company agreed to repay advances it received in Fiji in sterling rather than New Zealand currency, thereby saving the banks from a loss on the arrangement they had made to finance CSR. Thanks partly to the support of other business interests in the colony, CSR had achieved its objective. It had obtained a 10 per cent devaluation which, as it told government, was an important source of profit in the years of exceptionally low sugar prices during the early 1930s. It even went so far as to claim that this, coupled with the imperial preference on sugar, was the only reason why it could continue in the colony.⁶¹ This was probably an exaggeration, but it is at least likely that without the devaluation the company would have had to close its Nausori mill. Equally important was that it had limited the devaluation to an amount which would not, via the price structure, cause discontent among growers and so increase the difficulty for CSR of maintaining control.

Land tenure was an especially difficult question because Fijians have always attached great importance to the ownership of land. So whereas it was in the company's vital interest that there be security of tenure for growers, it was equally important to Fijians that they be able to resume leases in the not too distant future; otherwise their rights of ownership would exist in name but not in fact. Since the war it had been the practice of government to refer to Fijian owners the proposed terms for the renewal of native leases when they expired, thereby giving them an opportunity not to renew.⁶² The first refusals occurred in 1924 and thereafter, observers agreed, there was a growing tendency for landlords to oppose renewals.⁶³ The trend never reached large proportions, however, because under Ordinance 23 of 1916 landowners had to compensate the outgoing tenant for permanent and unexhausted improvements made during the currency of the lease. Often Fijians could not afford the amount of compensation fixed by the Governor-in-Council, and leases were therefore renewed.⁶⁴ Yet the threat of non-renewal was sufficient to create insecurity — a climate in which cases of non-renewal were easily exaggerated. This alarmed CSR, which feared the situation might

eventually breed industrial unrest. In the immediate future it could lead to an increase in farm costs, which might produce demands for a higher cane price, for Fijians hoped that the threat of non-renewal would induce higher rents to be paid.⁶⁵ If its leases were affected, CSR would have to pass on to tenants the higher charge or else absorb the increased rent itself. For contractors the problem was worse since on expiry it was customary, though illegal, for growers to pay premiums of one year's rent or more to induce landlords to renew the lease.⁶⁶ By threatening not to renew the owners could extract larger premiums, and so add substantially to farm costs. If the disposable income of farmers was reduced, the chance was increased that they would ask for higher cane prices. Yet if the company resisted such a demand, there was a risk that growers would start to neglect their farms or even take part in a strike. More generally, CSR feared that if insecurity of tenure led to a sense of injustice,

the way will be open for agitators to sow seeds of discontent, which may easily be manifested in such ways as refusals 'en bloc' to pay native rents, refusing to man the sugar mills when crushing Fijian-grown cane, or a general non-co-operative strike.⁶⁷

In short, the company's control over growers — and perhaps the very future of the industry — was at stake.

Accordingly, CSR urged government to take action. In February 1934 there was a meeting between Sir Philip Goldfinch, the company's general manager, and Sir Murchison Fletcher, the governor, who was so sympathetic to the interests of CSR that he once made the outrageous suggestion that Indians were too well off and if possible the price of cane should be reduced.⁶⁸ The meeting was a classic example of company-government collusion. 'We have no doubt', Goldfinch said,

that the ideal set of conditions would be that all leasehold lands used for cane growing should be leased in the first place by the Government to the mill-owner (in this case the company), who should in turn sub-let to tenants over whom the mill-owner would then be able to exercise a certain amount of control and supervision as to the general working of their farms.⁶⁹

Terms of renewals should be settled without reference to the Fijian owners. The outcome of the discussions was that

'His Excellency agrees and proposes to proceed on the lines set out'.⁷⁰ But it was impossible for Fletcher to act exactly along these lines for government, however it might want to, could not ignore the interests of the Fijians. It had not the resources to enforce unpopular measures in the face of active opposition. Consequently, the reform of land tenure devised by Fletcher's successors in the late 1930s owed much to the influence of Fijians, who had a good incentive to compromise. If insecurity of tenure caused disruption in the sugar industry, or led to a deterioration in the soil because of overcropping before the lease expired, the incomes they could expect from rent would be reduced, while deterioration in the quality of soil would erode the capital value of their land. Moreover, as Ratu J.L.V. Sukuna told the Council of Chiefs in 1936, concessions would lessen the risk of government imposing a land tax on the large areas of unimproved land held by Fijians.⁷¹ Compromise, then, would maintain the alliance between chiefs, government and European capital to the advantage of all parties.

The result of the initiative taken by CSR and the subsequent influence of the Fijians was the Native Land Trust Ordinance (NLTO), enacted in early 1940.⁷² It provided for the declaration of reserves which were to contain sufficient land for 'the use maintenance or support' of Fijian owners. Land within the reserves was not to be alienated, nor leased to non-Fijians. Land outside reserves was to be available for lease but, following Fijian pressure, for periods of only thirty years instead of the ninety-nine government originally had in mind.⁷³ Sukuna was appointed Commissioner to demarcate the reserves, so giving Fijians a large measure of control over this important exercise.⁷⁴ At the heart of the Ordinance was the creation of a Native Land Trust Board (NLTB) which, independent of government control, was to administer all native land 'for the benefit of the Fijian owners' — a far cry from earlier demands by CSR that the company should control land leased for cane purposes. The concept of the NLTB acting as a trust for Fijians was underlined by the rejection of a request from the Indian government that there be a Fiji-Indian on the Board. The Fiji government argued that if the request were granted it would undermine the confidence of Fijians in the Board and that, in any case, Indians had no right to expect representation among trustees who were responsible to the Fijian race.⁷⁵ Clearly, in the preparation of the NLTO the vital interest of Fijians in the land had been upheld. Nevertheless, the measure was a compromise under which Indians were allowed to remain as

farmers, provided Fijian land ownership rights were guaranteed and Fijians continued to benefit from the receipt of rents. CSR could hope that the payments to Fijians would be reduced since the creation of the NLTB was expected to eliminate the need for Indians to bribe owners to obtain a renewal of their leases. It was generally thought at the time that this compromise would solve the problem of land tenure for good.⁷⁶

A final question involving CSR's control of growers was the heavy indebtedness of farmers. Many had had to borrow to become growers in the first place — to acquire land, or to finance their household or farm expenses till they received their first payment for cane. Much of the payment was then used to pay off existing debts, and a large part of expenditure during periods when no income from cane was received was met by further borrowings. Farmers' dependence on credit was increased since up to 1940 the whole price of cane was paid on the delivery of the crop; most growers had no other cash income for the rest of the year. CSR credit was limited to what the company considered essential farm and household expenditure. This excluded a variety of items, ranging from wedding ceremonies to premiums on land, which growers regarded as highly desirable, if not essential. To finance these expenses growers turned to Indian and (sometimes) European money-lenders, usually lawyers, landowners and storekeepers all of whom, because of the poor security available, lent at high rates of interest. Leaseholds were not considered good security because their terms were too short, while the value of cane as a security was limited because CSR advances were treated as a first charge against the crop. Yet the payment of steady prices by CSR and an inspection of the borrower's land enabled money-lenders, barring a natural disaster, to make a reasonable estimate of a grower's likely income in the season ahead. They were, consequently, prepared to extend fairly liberal credit even if the interest rates were high. Borrowing from outside the company was more extensive among contractors than tenants, because CSR's tenancy agreement prohibited the latter from granting any lien or encumbrance over their crops except to the company. However, nearly all growers borrowed informally from storekeepers, though how extensive this was is impossible to judge. So it was that part of the income of growers was syphoned off in interest payments. The immediate beneficiaries were storekeepers and money-lenders, but their gains were also to the advantage of importers in the colony. The extension of credit facilitated the

consumption of imports, including food items like rice.

CSR was concerned because high interest rates reduced the real incomes of farmers. It feared, too, that liberal credit encouraged growers to live beyond their means, and that one day they might demand an increase in the cane price so that their means could catch up with their standard of living.⁷⁷ To some extent this concern was shared by government, which wanted to avoid unrest among Indians. Yet any action to control credit would damage business interests since liberal credit helped trade. Government appeared sensitive to these interests when it tried to regulate money-lending by law. In 1932 it introduced legislation which empowered the courts, in any suit for the recovery of a loan, to reopen a transaction where it was substantially unfair or the interest excessive. But it proved impossible to enforce the law because of verbal understandings and false book-entries, and because debtors could rarely afford to apply to the court for relief.⁷⁸ Following representation by CSR, in 1933 Fletcher promised to introduce further legislation to prevent growers giving assignments over their crops. Assignments took the form of a written instruction from the grower to CSR that the proceeds from cane up to a certain amount, less what was already debited by the company, be paid direct to the money-lender or storekeeper. Assignments were often used by contractors, and in the early 1930s were increasingly used by tenants because of a recently discovered loophole in their tenancy agreements. CSR hoped that legislation would close this loophole and open the way for the company to increase its control over the indebtedness of contractors.⁷⁹ But Fletcher had second thoughts about the matter and the proposed legislation was dropped. CSR understood that he had come under pressure from Morris Hedstrom Ltd and the legal profession, whose business would have suffered if credit to Indians had been curtailed.⁸⁰ Government again appeared responsive to these interests when it introduced the Moneylenders Ordinance in 1938. The legislation required that money-lenders be registered, and set a limit of 12 per cent on interest for loans. Excluded from the measure were lawyers when advancing sums on behalf of clients — so making the law, in CSR's view, little more than a gesture.⁸¹ Even so, the ordinance was impossible to enforce because of the variety of ways in which the 12 per cent limit could be evaded.

An alternative solution had been proposed by CSR in 1930: the company, other sources of private capital and

government should join in establishing a Cane Growers Bank which would provide farmers with cheap credit.⁸² Although this was never put on paper, presumably to be effective the scheme would have had to be accompanied by legislation to prevent growers borrowing from other sources as well. An experiment at the Penang mill, whereby CSR financed the liquidation of growers' debts, had recently failed because borrowing from outside the company had been quickly resumed.⁸³ CSR's proposal was rejected by officials because government funds would have been needed and the scheme would have helped only cane growers whereas there were other farmers — at Navua for example — who also required credit.⁸⁴ Ten years later, the company was again thinking of establishing an agricultural bank for cane farmers. It was willing to consider putting up £200,000 to take over the liabilities of those who were in debt, but nothing came of the idea, possibly because government was not prepared to legislate for the compulsory disclosure of debts — a prerequisite for the implementation of the scheme.⁸⁵ Though there is no evidence that officials discussed the question in these terms, their lack of support for CSR's proposals may have owed something to the knowledge that if implemented they would have damaged those with a vested interest in the existing system.

Government's willingness to heed business interests other than CSR was increased, perhaps, by an awareness of the extraordinary complexity of the question, and doubts as to whether legislative action or proposals on the lines suggested by CSR were capable of providing a solution. So long as other sources of finance were available, growers could use a whole host of informal arrangements — way beyond the ability of the law to control — to obtain credit. And so long as their security was poor, advances would always be at high rates of interest. Maybe it was this realization, especially after the Penang experiment, which lay behind the relatively low priority given to this question by both CSR and government; certainly officials frequently stressed the practical difficulties in the way of a solution.⁸⁶ The long-term answer would have been to increase farmers' credit-worthiness by raising their incomes. The higher their incomes the bigger the chance that loans would be repaid, and the lower the interest that need be charged. But this would have required CSR to pay more for cane, and this the company was not prepared to do. The price of cane and the short terms on which growers held land meant that there was no alternative to the provision of credit at high rates of interest. However much CSR disliked it, the availability of this credit

brought advantages to the company which far outweighed the disadvantages. Without it many growers could not have become farmers at all. If they had been unable to finance expenditure which they considered essential, the discontent among growers would almost certainly have been greater than that caused by the high cost of credit. The interests of CSR and those of money-lenders and storekeepers were closer than the company may have realized.

The transition to the smallfarm system, then, involved compromises between CSR, government, the chiefs and other business interests in the colony. Only on the question of diversification did the company have its way almost completely. Though these compromises were a prerequisite for the success of the smallfarm system, they weakened CSR's exclusive control over growers and made it easier for farmers in the future to express their opposition to the company. For if CSR, by some miracle, had possessed almost total control over the supply of credit to farmers, and if it had won greater control over the leasing of Fijian-owned cane lands, would growers have dared to strike in 1943 and 1960? Could they have afforded to? The inter-war years showed that CSR had great influence in the economy at large, but its influence depended on working with other members of the élite.

Some effects of the smallfarm system

What limits there were to CSR's influence were outweighed before World War II by the extent of its control over growers. Although there were occasions, especially among contractors, when the company's cultivation instructions were not carried out, the amount of control exercised was very considerable, as contemporaries acknowledged.⁸⁷ The result was that certain characteristics of the plantation were perpetuated. Apart from the continuation of ganging, this was evident in the retention of certain job descriptions used on plantations. The term field officer became current only in the late 1930s. Before then he was known, as he had been on the plantation, as an overseer — the name was the same because the job was the same. Growers were treated as if they were still on plantations. The Labasa manager wrote in 1928:

Thus it is essential that after leasing our officers must retain that personal influence over the people,

which is the outcome of discipline under the indenture system and may be looked upon as a Capital asset not to be dissipated.⁸⁸

It was a 'Capital asset' that the company preserved very well. Indians were trained not to become decision makers and decide for themselves how to allocate resources on their farms: rather, they were expected to obey decisions taken by CSR. Since smallfarming in the Fiji sugar industry, then, falls within that category of agricultural enterprise which is characterized by the employment of a relatively large number of unskilled workers whose activities are closely supervised, George Beckford is quite right to regard it as a type of plantation.⁸⁹ Growers were little more than plantation labourers in disguise.⁹⁰

CSR regarded this control as essential if the small-farm system was to succeed. It enabled overseers to ensure that on balance the standard of cultivation by growers was about the same as it had been on plantations. Ploughing was not always so thorough, but the land was kept more clear of weeds.⁹¹ There seems to have been no significant drop in the quality of cane grown, while as Table 6.4 shows, yields per acre actually increased a little, though this was partly due to the introduction of better varieties.⁹² There can

Table 6.4

Annual average yields of cane per acre
(tons)

	Nausori	Rarawai	Labasa	Lautoka	Penang	All Fiji ^a
1904-15	18.61	17.40	16.57	21.16	N.A.	18.43
1928-39	20.45	19.36	18.57	20.07	20.17	19.61

Source: CSR Ltd, *Manufacture Reports*, 1905-40.

^aExcludes Penang. Makes no allowance for difference in total output between mills.

be no doubt that growers derived great advantage from the smallfarm system of producing cane. They could earn more than if they had remained as labourers, or if they had had to rely exclusively on the cultivation of crops like cotton and rice. Moreover, by paying the same price for cane despite changes in the world price of sugar, CSR shielded

growers from the worst effects of the depression. The Colonial Office was told in 1933, with reference to sugar production:

Confidence in the success of this industry is the main reason for the general optimism in commercial circles, which is so remarkable of Fiji at this time and separates Fiji sharply from the rest of the Pacific territories.⁹³

And not just the Pacific. Unlike the overwhelming majority of peasant cash farmers in the tropics, cane growers in Fiji did not experience a fall in their incomes as a result of the depression. Their earnings remained relatively stable, apart from fluctuations caused by weather conditions.

On the other hand, the spread effects of the sugar industry were still limited. Despite attempts by CSR to train Fijians as growers in the 1930s, the price of cane was not sufficiently high to attract more than a few into the industry, with the result that they were unwilling to share (in addition to rent) more of the profits from cane.⁹⁴ CSR also repatriated most of the profits it earned in the colony. Table 6.5 shows an estimate of the aggregate profit, £1,904,111, from its sugar mills in Fiji for the years ended 31 March 1925 to 31 March 1940, and Table 6.6 presents a conservative estimate of the cash surplus arising from milling over the same period. No account has been taken of transfer pricing and the like. After allowing for capital inflows, CSR was in a position to take out of Fiji an estimated £1,992,971 — a very large sum in relation to the size of the Fiji economy. Except for the amount on the pineapple cannery in which the company has invested £76,389 by 1940,⁹⁵ nearly all the surplus was repatriated. It helped finance the expansion of the Australian sugar industry in the 1920s and the development of 'Caneite' production in the late 1930s. 'Caneite' is a low density wallboard which was manufactured by CSR initially from megass, a by-product of sugar. As in the case of distilling (and of course refining), the company found it more economic to process megass in Australia than Fiji. CSR's diversification into the manufacture of building materials and then into other areas during and after World War II was financed largely by profits made in previous years.⁹⁶ Table 6.7 shows that profits from Fiji — at least in 1926, 1927 and 1929 — were a significant, but not a major, proportion of the company's earnings. On top of this was the harm done by CSR's obstruction of

Table 6.5

Aggregate profit from CSR's sugar mills in Fiji
for years ended 31 March 1925 to 31 March 1940^a

		£ F
Sales of raw sugar ^b		19,684,758
Operating costs:		
Direct costs — purchase of cane, etc.	15,859,061	
Estimated overhead costs ^c	<u>506,880</u>	<u>16,365,941</u>
		3,318,817
Add miscellaneous profits from sale of molasses, operation of S.S. <i>Ranl</i> , sundry trading ^d		<u>346,637</u>
Gross profit		3,665,454
Less charge for depreciation and replacement ^e		<u>1,623,942</u>
Net profit before tax		2,041,512
Less income tax ^f		<u>137,401</u>
Net profit after tax		<u>1,904,111</u>

Sources: Mill profit and loss accounts, Chief Accountant, CSR Ltd, Sydney; C.Y. Shephard, *The Sugar Industry of Fiji*, 49.

Notes: ^a No allowance has been made for changes in the general price level. Compared with the previous ten years and the years after 1939, prices were relatively stable during the period: the fall in prices which resulted from the Great Depression was at least partly offset by the devaluation of the Fiji pound.

^b Excludes income from sale of stocks held on 31 March 1924 but includes income from sale of stocks held on 31 March 1940. Because of absence of relevant figures, it is assumed that there was no profit or loss from sale of stocks held on 31 March 1925 and credited at current prices to returns for the year ended on that date.

^c Figures only available for years ended 31 March 1934 to 31 March 1940 inclusive. Annual overhead costs for the previous eight years have been assumed to be the average of the following seven years.

^d Though it is not certain, the profits do not seem to include any gains or losses from rents, the Yaqara cattle station, the dairies and butcheries, and the pineapple cannery. Losses from the cannery would have offset some if not most of the gains from the other activities.

^e Though not absolutely certain, the charge seems to have been on a straight line basis — 4 per cent each year on the original cost of fixed assets. Assumed is that gains/losses from disposal of fixed assets are treated as capital transactions and are excluded from mill profit and loss accounts.

^f Income tax paid for period up to and including year ended 31 March 1930 has been estimated on basis of net profit before tax in year_n X rate of tax in year_n.

Table 6.6

Estimated cash flow arising from Fiji sugar milling activities
for years ended 31 March 1925 to 31 March 1940^a

	£F
Net profit after tax	1,904,111
Add back depreciation and replacement	<u>1,623,942</u>
	3,528,053
Less estimated capital expenditure ^b	<u>1,535,082</u>
Cash surplus	<u>1,992,971</u>

Sources: Table 5.5; 'Fiji Sugar Mills', 4 Apr. 1944, CSR F 5.0/2/-.

Notes: ^aNot all the cash flow would have occurred during this period. Tax payments and certain expenses incurred in the last year(s) would have been paid after 31 March 1940, while income from sugar stocks held on that date would not have flowed in till the following year. Similarly, certain expenses incurred before 1 April 1924 would have been met after that date.

^bThe estimate is based on a statement, 'Fiji Sugar Mills', prepared by CSR for the Shephard enquiry in 1944. The statement shows the value of 'Fixed Assets plus Improvements' for each year from 1930 on the basis of replacement values in 1939, the valuation having been made in 1941. The value of assets for each year before 1941 was calculated by subtracting the capital expenditure for each year back to 1930. Total capital expenditure for the years ended 31 March 1931 to 31 March 1940 was £896,926. No figures are available for the six years before 1930, so it has been assumed that annual capital expenditure for that period was the same as the annual average for the years ended 31 March 1931 to 31 March 1940. To this has been added £100,000 to cover the purchased land and the Penang mill in the late 1920s. Actual capital expenditure was almost certainly less than the estimate here, for these reasons:

- (i) The Penang mill and subsequent additions to it cost only £25,000. It is highly unlikely that purchases of land amounted to £75,000 since the book value of all land in Fiji held by CSR in 1941 amounted to £222,000. The area of CSR's land acquisitions in the late 1920s were a small part of the total area owned by the company.
- (ii) From Fiji's annual trade reports, the average annual f.o.b. value of imports of sugar-making machinery, railway material and locomotives and component parts was £F45,544 for the calendar years 1924 to 1939. Even after allowing for other capital goods imported for the sugar industry (e.g. rolling stock which was not recorded as a separate item till 1944 - was it too small to be treated as a separate item before then?), costs of transport and of installation, it is likely that average annual capital expenditure was less than £89,692.
- (iii) The assumption that capital expenditure for the six years before 1930 averaged the same as for the ten subsequent years probably overstates the size of capital expenditure in the former period. The annual average f.o.b. value of the imports mentioned above and recorded in the trade reports was £F34,082 from 1924 to 1929, against £F52,422 for the next ten years.

Thus the estimate for capital expenditure represents an upper limit.

Table 6.7

Sources of CSR's profits for years ended 31 March 1926, 1927 and 1929

Year ended 31 March	1926	1927	1929
Total CSR profits (£ Australian)	890,732	1,072,797	1,346,306
% derived from Australia	52.4	64.0	54.2
% " " New Zealand	8.9	7.8	6.2
% " " Fiji	32.3	22.8	28.6
% " " Other sources	6.4	5.4	11.0

Source: CSR Ltbk., 'E.W.K. Special', 4 (1909-37), 122-39.

- Notes:
1. 'Other sources' include interest on various debts, debentures, temporary deposits in London, etc., and 'trading income from buying and selling sugar outside the [Australian] Commonwealth and upon which income tax has not been paid'. ('E.W.K. Special', 150.)
 2. These figures were produced for the Deputy Federal Commissioner of Taxation in Australia.
 3. In 1930 and 1931 the Fiji percentage of total profits dropped to 3.9 and 6.8 respectively, but these were years of exceptionally small profits in Fiji and were not typical of the colony's contribution to the total earnings of CSR. Figures for 1928 not available.

diversification, which denied the colony the option of developing new exports and left it dependent on imports for a significant proportion of Indian foodstuffs.⁹⁷ Finally, the dominance of CSR in Fiji and its treatment of farmers produced resentment, which would flare into open defiance of the company during World War II and reduce the national income as a result. So it was that in these ways, to borrow the words of a West Indian writer, sugar proved to be a sweet malefactor.⁹⁸

Chapter 7

CSR's hegemony under attack — the 1940s

World War II saw the first major challenge to CSR's control of growers since the inauguration of the smallfarm system — a challenge fuelled by the resentment of Indians at their inferior political and economic status in the colony, especially *vis-à-vis* Europeans.¹ Starting in the late 1930s farmers' unions were formed, and in 1943 growers refused to harvest their cane. If one assumes a consensus model of society in which divergent interests are locked together in mutual support, these unions can be seen as voluntary associations which served as a link between the 'traditional' farming community and the 'modern' CSR.² Emerging at a time of structural (economic) change which had a destabilising effect on the industry, they can be viewed in terms of their integrative function, which was to channel the grievances of farmers in ways that would not threaten the stability of the smallfarm system. Yet to adopt such a model would be to overlook the dichotomy of interest between growers and the company. True, to a great extent they were both mutually dependent, one for a market and the other for supplies, but they were also fundamentally opposed to each other — over the price of cane, for example. Their opposition was increased by market constraints on the price of raw sugar, which favoured the consumer but restricted the funds available for distribution among those engaged in the industry. Though sugar proceeds were to grow considerably over the next thirty years, they would never be large enough to meet the long-term needs of both the millers and the farmers. Obviously, CSR's ability to pay more for cane would be limited by the price it received for raw sugar, as well as by its need to make a profit. Consequently, with marketing arrangements for Fiji sugar designed mainly to benefit interests overseas, growers found themselves in conflict not just with CSR, but with consumers of sugar abroad. The emergence of unions should be seen as the beginning of an awareness by farmers of the contradiction in which they were placed.

Demographic change and its economic effect

It was no accident that the unionization of growers began just before World War II, when the transition to the smallfarm system was nearly complete. Many of the Indians who were settled as cane farmers in the 1920s and 1930s had already experienced two major improvements in their economic status — from unemployment, perhaps destitution, in India to indentured labourers in Fiji, and from the indenture system to free workers and agriculturalists. Now under the small-farm system they had experienced a third, perhaps the largest, advance in their standard of living. Some had been able to supplement, or substitute, the plots they already leased with higher quality and larger areas of company land, while others had moved from wage- to more lucrative self-employment. Since, despite the control it entailed, the treatment of farmers by CSR compared favourably with the iniquities of the indenture system and the exploitation of tenants by landlords in India (and by a number of Indian landlords in Fiji³), the first generation of growers did little to dispute the conditions of farming laid down by the company.⁴ An Indian Planters Association, formed in 1934, had not survived long.⁵

By the late 1930s, however, many of these farmers were growing old. Assuming no deaths in the meantime, by 1936 about 40 per cent of the male Indian population aged between 15 and 50 in the 1920 census — those most likely to become growers under the smallfarm system — had passed the age of 50 (see Table 7.1). In 1941 the proportion would have been about 67 per cent and in 1946 about 90 per cent. Though these figures are for the male Indian population as a whole, including non-farmers, and do not allow for those who were under 15 in 1921 and may have acquired farms when they were older (probably only a few), they provide at least a rough guide to the number of original cane growers who had reached 50. Once they attained this age growers tended to leave most of the responsibilities of farm management to their sons. Thus cane farming was passing into the hands of a new generation, a generation that had not served under indenture and that could not compare conditions in Fiji with those their fathers had left in India. This had important results. The first was that not having been indentured to plantations, younger growers were less willing than their fathers to undertake the very unpleasant job of harvesting cane, preferring to pay for substitutes instead.⁶ In 1943 it was estimated that nearly half the cane cutters in Viti Levu were substitutes.⁷ Though some were farmers' sons,

not all would have been so. Some were repaying in labour debts to money-lenders and storekeepers, a number of whom were also cane farmers. The wages (or equivalent) of those who were not sons reduced the cash surpluses from each farm, provoking demands that the price of cane be increased.⁸ The second consequence was that growers were more willing to challenge the smallfarm system as it had evolved. Not having experienced the harsh alternatives, they could ignore the past in order to question the present.

Table 7.1

Age distribution of adult male Indians in 1921

Age	Number	% total
15-20	410	1.88
20-25	1,609	7.36
25-30	4,381	20.05
30-35	5,161	23.62
35-40	3,476	15.91
40-45	3,099	14.18
45-50	1,337	6.12
50-55	1,308	5.99
55-60	380	1.74
60-65	456	2.08
65 and over	235	1.07
Total	21,852	100.00

Source: Census report for 1921, *C.P.* 2/1922.

And they found much to question. There was bitter resentment against CSR's tight control of farmers, especially its restrictions on the planting of food crops, the limited length of the company's leases, the authoritarian – sometimes bullying – attitude of certain field officers and the obligation on growers, when directed by CSR, to work the mills, weed the tramlines and harvest the company's estates for wages too low to attract voluntary labour.⁹ Resentment against the company was heightened in the late 1930s and early 1940s by the rapid growth of the Indian population, which meant that the number of dependants of non-working age – those under 15 and over 59¹⁰ – increased more rapidly than the number of those who had to support them (see Table 7.2). Women are not counted as dependants since before the war, when there was a shortage of labour, they performed various tasks on the farm.¹¹ The likelihood that this

increase would reduce *per capita* incomes in the sugar districts was made greater by the limited employment opportunities available for members of cane-growing families who were capable of work. The number of Indians in rural areas, which included persons living in the vicinity of towns but not necessarily engaged in agriculture, increased by 50 per cent between 1936 and 1946 whereas the amount of new land coming under cane rose by only 1 per cent (see Table 7.3).¹² Even though a large proportion of the increase in rural population consisted of those too young to work, it is clear that the labour shortage in cane areas was being transformed into a surplus — a trend that was recognized by CSR in 1941.

Table 7.2

Age structure of Indian population, 1936 and 1946

Ages	1936	1946	% increase
1-14	37,544	58,312	55.3
15-59	42,620	53,335	25.1
60 and over	4,838	8,080	67.0
Total population	85,002	119,727 ^a	40.9
Total under			
15 and over 59	42,382	66,392	56.7
% total under			
15 and over 59			
to total population	49.9	55.5	11.2

Source: Census reports for 1936 and 1946, C.P. 42/1936, 35/1947.

^aExcludes the 336 who did not specify an age.

The growing population pressure on sugar land might have been alleviated by the creation of new jobs in activities not directly associated with the cultivation of cane. Table 7.4 shows that the number of Indians engaged in primary industry, apart from cane, and in secondary and tertiary sectors almost doubled between 1936 and 1946. Particular care is needed in interpreting this table, which is based on census reports for the two years. Whereas the 1946 census stated that only those aged 12 or over were questioned about their occupations, the 1936 census gave no such information and left it unclear whether the figures on occupational status included persons under 12 years or not. This makes

comparison between the two difficult. Moreover, a significant number of respondents in 1936 did not indicate their occupations, with the result that when the tables were compiled it was assumed that if Indians lived in sugar districts, and had not provided information about their occupations, they were engaged in the cultivation of cane. But this was not necessarily the case since, despite CSR opposition, a number of contractors cultivated food crops in addition to cane, while there were others — albeit only a few — in the sugar districts who did not grow cane. Consequently, the 12,501 said to have been involved in the production of cane in 1936 may have been an overestimate. Finally, the two censuses were taken at different times of the year — on 26 April in 1936 and on 3 October in 1946. In April farmers were likely to have been cultivating cane: in October they would have been harvesting it. This helps explain why the numbers involved in producing cane in 1936 were higher than in 1946. In October of the latter year some members of cane-growing families, who in April might have assisted with cultivation, would have been employed in casual jobs connected with the milling of cane. This in turn would have swelled the figures for those engaged in secondary industry. In 1946 the number of Indian males employed in the manufacture of sugar was put at 1,204: in 1936 it was only 580. The difference was almost entirely due to the dates on which the censuses were taken.

Table 7.3

Increase in cane area and in number of Indians in rural areas, 1936-46^a

	<u>1936</u>	<u>1946</u>
Acreage under cane	89,924	90,816
% increase		1
No. of Indians in rural areas	66,921	100,943
% increase		50

Source: Michael Moynagh, 'Land tenure in Fiji's sugar cane districts since the 1920s', *Journal of Pacific History*, 13 (1978), Table 3.

^aIncludes Indians in the vicinity of towns and not necessarily engaged in agriculture.

Table 7.4

Occupational status of male Indians, 1936 and 1946

Occupation	No. employed	
	1936	1946
Sugar cane farming	12,501	9,611
Other primary industry	4,338	10,798
Secondary & tertiary sectors	<u>7,505</u>	<u>11,476</u>
Total employed	<u>24,344</u>	<u>31,885</u>

Source: Census reports for 1936 and 1946, *C.P.*
42/1936, 35/1947.

Yet despite difficulties in comparing the two census reports, it is clear that between 1936 and 1946 non-cane employment opportunities for Indians increased. The number of new jobs was especially high in 1942 and 1943 when about 70,000 Allied troops were stationed on the west of Viti Levu, but most of these jobs were short term and did not outlast the presence of the troops.¹³ Of the permanent increase in jobs over the ten-year period, some were in the secondary and tertiary sectors but most were in agriculture. There was a substantial increase in the number of Indians involved in the cultivation of food crops other than cane, particularly maize, rice and other grains in which the total rose from 2,025 in 1936 to 6,387 in 1946. Over the period the area under rice in the colony grew from about 13,800 to about 23,800 acres.¹⁴ The increase in subsistence crops was due to the relaxation of company restrictions on the cultivation of such crops by cane farmers. CSR's more flexible attitude arose from the immediate need to overcome the shortage of food during the war, as well as being a response to pressure from growers, and was not subsequently reversed.¹⁵ Thus the fall in numbers cultivating sugar between 1936 and 1946, and the increase in those involved in other agricultural pursuits, was partly the result of a greater number of families tending crops in addition to cane.

The increase in employment opportunities between 1936 and 1946 does not necessarily mean that, in the face of a growing number of dependants, the workforce was able to maintain *per capita* incomes (or their equivalent) among the Indian population. Most of the non-cane occupations in which Indians were engaged in 1946 were less lucrative than

the cultivation of sugar. This was certainly true of the equivalent money returns from growing subsistence crops like rice. It was also true of much of the wage employment open to Indians. Table 7.5 shows the wages of unskilled government employees in 1939, 1944 and 1945 which were broadly in line with the wages of unskilled workers in other activities. In 1939 an unskilled labourer working five and a half days a week, fifty weeks a year, would have earned £34 7s 6d. After deducting farm costs, the estimated income of a cane grower on twelve acres of land would have been about £48 10 0d. At 1944 wage rates, a labourer in Suva would have earned about £55, while the cane farmer in 1943 (assuming he had harvested his cane) would have netted about £70 18 0d.¹⁶ In fact, many labourers would have earned considerably less than these sums because they would have been engaged in only casual work.

Table 7.5

Daily wage rates of unskilled government employees
in 1939, 1944 and 1945

	<u>1939</u>	<u>1944^a</u>	<u>1945^a</u>
	s d	s d	s d
Suva	2 6	4 0	4 4
Country	2 6	3 10	4 2

Source: 'Annual Report of the Commissioner of Labour, Fiji, 1945', C.P. 8/1946.

^aIncludes cost of living bonus.

Now, given the limited earnings from occupations alternative to cane, it is clear that with the increase in population, especially in the proportion of non-working age, the maintenance of *per capita* incomes in the sugar districts depended on a rise in the net proceeds from cane. But in the late 1930s this did not occur. There was no significant improvement in farm productivity (see Table 7.6) and cane prices were not raised till 1940. Consequently, assuming a constant rate of population growth between 1936 and 1946, just before World War II *per capita* incomes in the cane areas were almost certainly in decline. This was reflected in the demand by growers in 1939 that the size of their farms be increased, so that they could more easily support their large families. During the war, but in response to a problem that must have begun earlier, growers also protested

at CSR's restrictions on the number of houses that could be built on each farm. So it was that with the decline in *per capita* incomes, coupled with long-standing grievances against CSR and the existence of a new generation of farmers willing to press for change, conditions in the late 1930s were ripe for the unionization of growers.

Table 7.6

Yields of cane — tons per acre cropped, 1930-50

Year	Nausori	Rarawai	Labasa	Lautoka	Penang	True average
1930	20.3	15.8	13.7	18.0	19.2	17.1
1931	17.0	9.0	13.5	16.3	16.1	13.6
1932	24.2	22.8	20.8	26.0	26.6	24.2
1933	19.4	19.8	19.1	19.3	19.0	19.4
1934	20.6	18.5	18.7	18.9	19.0	19.0
1935	23.3	21.5	20.2	22.7	19.1	21.9
1936	19.1	24.0	20.5	22.7	22.2	22.3
1937	22.7	22.5	20.1	21.5	23.7	21.9
1938	24.3	21.1	21.5	22.5	20.8	22.1
1939	15.0	20.7	18.4	18.8	19.6	18.9
1940	21.4	19.4	15.6	19.6	17.9	19.1
1941	16.7	20.8	20.9	21.0	20.1	20.2
1942	18.1	18.9	21.8	21.3	18.8	20.2
1943	15.9	18.7	17.4	20.2	18.0	18.2
1944	16.4	13.6	14.7	14.9	11.5	14.4
1945	17.4	15.5	14.5	15.3	14.7	15.4
1946	18.0	19.7	17.0	21.9	17.6	19.7
1947	21.1	22.3	17.8	22.0	16.6	21.0
1948	16.5	22.5	19.4	23.9	21.8	21.8
1949	16.1	25.7	15.1	23.2	20.4	21.6
1950	10.8	18.1	14.9	16.7	15.6	16.2

Source: CSR Ltd, *Manufacture Reports*, 1931 to 1951.

Farmers' unions and the 1943 strike

The first major union, the Kisan Sangh ('Farmers' Association'), was founded in late 1937 as the result of efforts by Ayodhya Prasad, its General Secretary who had originally come to Fiji as a schoolteacher in 1926. In his autobiographical history of the Kisan Sangh, Prasad described an argument he had had in the early 1930s with an American. The latter had

advised not to put the blame on Europeans. Instead, Indians should learn to unite, become powerful and at once the Europeans would be friendly. Later, that night I started pondering what the American had said and it seemed his every word was correct. Since then I left hating Europeans and thought of correcting the Indians.¹⁷

Prasad believed that if they would unite and form, as it were, a loyal opposition to the company, Indians could win major concessions that would raise their incomes and reduce CSR's control over them. But this strategy of collaboration ignored the basic conflict between growers and CSR.

The adoption of the strategy reflected farmers' psychological dependence on the company; they felt they could not do without CSR. Prasad told A.G. Sahu Khan, Indian Assistant to the District Commissioner (Western) in 1940, that growers wanted to co-operate with the millers

for the good of the sugar cane industry in this Colony in the welfare of which we are relatively much more interested than the capitalists who constitute the Company, for with us farming is the end-all of our existence in this Colony, whereas the capitalists could easily transfer their capital to some other part of the world.

In addition, CSR appeared so strong that many doubted whether an effective union could be formed at all, let alone one that sought a confrontation with the company.¹⁸ Prasad himself was a North Indian, so that much of the early support for the union came from this section of the farming community. Because they had been longer in Fiji, North Indians were generally more prosperous than those from the south,¹⁹ with a larger stake in the existing order. They had more to lose than South Indians from a strategy of confrontation that failed, and yet they stood to gain from concessions won through co-operation with CSR.

At first it was not easy to collaborate, since CSR refused to recognize the union. The company hoped that if it was ignored the association would wither away. Previous attempts to organize unions among the Indian population had failed. Why should the Kisan Sangh be any exception? Indeed, would not recognition give legitimacy to the union, increase its prestige with growers and transform it into an

organization capable of launching a powerful challenge to CSR in the future? Better, the company thought, to defeat the union now, while it was still small, than to pile up trouble for the future.²⁰ This approach ran into conflict with government which feared the law and order implications of unrest in the sugar industry, believed that it was in CSR's own long-term best interest to co-operate with the Kisan Sangh and was under pressure from the Colonial Office to legislate for the compulsory recognition of unions. For almost ten years CSR had successfully staved off such legislation.²¹ Informed opinion in Britain would not allow it to do this for much longer. Sir Harry Luke (governor, 1939-41), considered CSR's managers to be dull, unimaginative and behind the times in their tendency 'to regard the Indian, as in the days of indenture, as a person who is not expected to think for himself'. He thought the general manager, Goldfinch, was a complete autocrat'. For its part, the company believed Luke to be 'weak and indolent'. Its legal adviser in Fiji, Sir Henry Scott, described him in private as 'a dirty little Jew' - a remark that reflected the widespread unpopularity of Luke among the Europeans.²² Yet for all this personal antagonism, what was in dispute was not the company's right to make profits in Fiji but rather, how this could best be done.

Had CSR persisted in its refusal to make concessions to the union, it is unlikely that the Kisan Sangh would have emerged so quickly as a powerful force in the industry. Indeed, like its predecessors it too might have collapsed. But government pressure forced the company to modify its approach. Officials promised that if CSR refused to be more conciliatory they would introduce legislation for the compulsory recognition of unions and arbitration in the case of unresolved disputes. Rather than have collective bargaining imposed on it, especially in a way that provided for outside intervention in the industry, the company chose to dribble out concessions in the hope that they would satisfy government and appease the growers. In fact they did neither. Each concession was attributed by farmers to the efforts of the Kisan Sangh, so that the more concessions were made the more the strength of the union increased. By July 1940 72 per cent of growers in the Ba-Sigatoka belt were listed as members, 42 per cent of whom were financial. As membership of the union grew, and as it continued to demand recognition, so pressure on CSR from government was intensified. The result was defeat for the company's strategy and recognition for the Kisan Sangh.

Recognition occurred in three stages. In 1939, without actually negotiating with any of the leaders of the Kisan Sangh, CSR met a few of their demands. It gave each farmer a written account of the proceeds from his cane, it reversed its policy of discouraging growers from planting food crops even on land away from their farms, it reduced the length of the working day in the mills from twelve to eight hours (effectively a 33 1/3 per cent rise in wages), and it increased its efforts to hire Fijians in order to obviate the need to extract compulsory labour from growers. Field officers were taught Hindi and instructed to use less force and more tact in their treatment of farmers. At the end of the year the company offered growers a ten-year contract to govern the terms on which it would buy cane — an important demand by the Kisan Sangh — and in response to another demand (as well as to save the cost of analysing each grower's cane) it promised to abandon the system of paying for cane according to the quality of each farmer's crop. Instead, the price was to be based on the average quality of cane crushed in each mill, with a scale of bonuses once the price of sugar exceeded £11 a ton.

Following threats not to plant cane if modifications to the contract were not made, and after further pressure on the company by government, major concessions were next offered by CSR on 6 April 1940. It met a deputation of cane growers which, though not a formal deputation of the Kisan Sangh, contained six members (of a total seven) nominated by it. The company promised a few minor alterations to the contract — it would try to improve the delivery of fertilizer, interest on advances would be reduced to 4 per cent, growers would be allowed a representative at the weighbridge (to check the weights recorded for their cane), and the cultivation of second ratoons would be allowed. More important was that for the first time the company had, in effect, recognized the principle of collective bargaining. In response, the growers agreed to sign the contracts offered by CSR. The third stage occurred the following year, again after government pressure. In March 1941 the company offered three- instead of ten-year leases to seven allegedly unsatisfactory tenants in Raki Raki. When they refused to sign, eviction proceedings were started by CSR and agitation begun by the Kisan Sangh. Luke urged the company to withdraw the notices of eviction, but CSR proceeded with the court case and, having won it, then announced that the tenants would be reinstated on their farms. Meetings were subsequently held with leaders of the Kisan Sangh, and on 30 May the union was recognized. Soon

after, on instructions from the Colonial Office, industrial legislation was introduced and, to the dismay of CSR, brought into effect the following year.

Once the Kisan Sangh had been implicitly recognized in 1940, it began to co-operate with CSR, and this collaboration was increased after formal recognition in 1941. One area of co-operation was over the harvesting of cane. Hitherto, often under the influence of field officers, gangs had elected sirdars from their midst to supervise the cutting of cane and loading on trucks. But in 1940 and 1941 CSR gave the Kisan Sangh responsibility for the appointment of sirdars, though the union's nominees were usually men who would have been elected in any case. The sirdars were allowed a greater say in determining the order of harvesting, an important point since it reduced the opportunity for field officers to punish recalcitrant growers by having their cane harvested when it was disadvantageous to them.²³ In return, the Kisan Sangh used its influence to settle disputes among farmers and increase the efficiency of harvesting.²⁴ The Kisan Sangh worked with the company in another way. In 1941 part of the output of raw sugar from Fiji had to be destroyed because, due to the wartime shortage of shipping, it could not be marketed. The result was that growers received a slightly lower price for their cane than would otherwise have been the case. Yet instead of supporting the claim from some quarters that CSR should have paid the whole price, the union backed the company/government view that growers should bear part of the loss.²⁵ Furthermore, having won a ten-year contract in 1940, rather than seek to raise the living standards of farmers by again pressing CSR for a higher cane price, the Kisan Sangh directed its attention toward the chronic indebtedness of growers. Apart from high interest rates on cash loans, the real incomes of farmers were reduced by the relatively high prices they had to pay for goods bought on credit. As an attempt to solve the problem, in 1941 the Kisan Sangh established a co-operative store to supply goods at cost price to members on a rationed basis (imports were controlled during the war). Capital of about £10,000 was raised from a levy on members of one penny a ton of cane.²⁶ CSR gave moral support to the venture, and advanced money to growers who wanted to make cash purchases from the store.²⁷ The company stood to gain from the Kisan Sangh's concentration on indebtedness, since it diverted attention from the price of cane as a means to raise real incomes.

Because the Kisan Sangh sought to reconcile the interests of growers to CSR, in a situation where long-term reconciliation was impossible, room was left for the emergence of a second union appealing to growers' distrust of the company. The question was whether it would supersede the Kisan Sangh and unite the growers against CSR, or whether it would divide them. It divided them. The Kisan Sangh's campaign against storekeepers encouraged the Indian trading community, through a Gujarati lawyer, A.D. Patel, to defend their interests by using the new union to undermine public support for the Kisan Sangh. So from the date of its formation, 15 June 1941, the Akhil Fiji Krishak Maha Sangh ('All Fiji Farmers' Union') represented an alliance between one group of farmers, at first mainly South Indians led by their religious leader in Fiji, Swami Rudrananda, and the Gujarati-dominated but small Indian business community. The result was that, though it won support by exploiting the differences between growers and CSR, the Maha Sangh was unable to win the allegiance of the whole farming community because it was backed by storekeepers and money-lenders who were unpopular with a large number of growers. Moreover, by playing on communal rivalries, union leaders widened the divisions which already existed among farmers. Instead of being united, then, farmers on the west of Viti Levu, where unions were first formed, were split between the Maha and the Kisan Sanghs, both of whom wanted to side with interests fundamentally opposed to the growers. To some extent, the unions were agents of competition between CSR and Indian businessmen for a larger share of the income from cane.

The Maha Sangh, which was formed just two weeks after the Kisan Sangh had been recognized by the company, derived great advantage from its rival's collaboration with CSR. In particular, it benefited from Ayodhya Prasad's failure to obtain as much help from the company as he had expected. In CSR's view, the gains from too closely co-operating with the Kisan Sangh were outweighed by fears that the union might become so strong as a result that it would pose a threat to the company in future. It was hoped in Sydney that rival unions would compete for support among growers, so preventing them from launching a united attack on the company.²⁸ Though no instructions to this effect have come to light, it is possible that field officers encouraged growers to join the Maha Sangh in order to foster divisions within the farming community. It is more certain that fears of the union becoming too strong led CSR to refuse a request that it provide loan capital for the co-operative store and

help in its administration, with the result that the store was badly managed and short of funds.²⁹ Prasad later claimed that the manager, M.T. Khan, had been forced to use some of his own savings to tide the store over when cash was short.³⁰ Whatever the truth of this, Khan's administrative methods were highly unorthodox and the distinction between his income and the store's not at all clear. Allegations of corruption became widespread, and were used by opponents to discredit the union.

The effects of collaboration were open to attack in other ways. The 1d levy to finance the store was very unpopular with members of the union, a point that Rudrananda and Patel exploited to the full. The role of the Kisan Sangh in the organization of cane harvesting enabled it to be blamed for an increase in the wages of substitutes in 1940, even though this was not its fault but the outcome of the previous year's reduction in mill-working hours which had caused an increase in the demand for casual labour.³¹ There was also the union's failure to press for the full price of cane in 1941, which provided further grounds for criticism. Above all, there was the absence of any tangible concessions from CSR in response to collaboration from the Kisan Sangh. The union seemed to have won most from the company when it had been in conflict with it. Now, with its leaders working (it appeared) almost hand in glove with CSR, it was thought by many that the association had abandoned farmers in favour of serving the interests of the company. It was natural that growers should turn to an alternative union which, in its anti-CSR stand, seemed to have assumed the mantle of the Kisan Sangh. How far the emergence of the Maha Sangh was the outcome of disenchantment with Ayodhya Prasad's union, and how far it was due to communal loyalties which were also important, is hard to say. What is clear is that collaboration by the Kisan Sangh made it much easier for the Maha Sangh to outflank its rival and appeal to the opposition of farmers to CSR.

Realizing that it was losing support, in March 1943 the Kisan Sangh asked CSR to raise the contract price of cane, but in May the company refused. Yet rather than abandon its collaborative strategy by taking industrial action, the union pursued an approach it had made to government in April. To obtain higher cane prices it asked for an increase in the price of raw sugar, which was sold to Britain's Ministry of Food during the war under arrangements for the bulk purchase of all exportable sugar in the

Commonwealth. In July B.D. Lakshman, one of the union's officials, requested Sir Philip Mitchell (governor, 1942-45) to appoint a commission to inquire into the price of cane, although its report would not have been binding whereas that of an arbitration tribunal would. 'Our main reason', he wrote, 'in asking for a Commission rather than an Arbitration Board is that the Imperial Government is to be guided on the subject; for, it may perhaps turn out that the problem could be solved by London rather than by Sydney.' A split within the Kisan Sangh now broke into the open. The so-called right wing faction, led by Ayodhya Prasad, M.T. Khan and B.D. Lakshman, would continue, except for a brief period, to press for the appointment of a commission. The left wing faction, led by a Punjabi Mehar Singh, joined the Maha Sangh in taking an initially more popular, but also more extreme, approach. They refused to give evidence before a commission set up in July, with the result that in order not to lose face Prasad's faction boycotted it as well and the commission was unable to produce a report. Later, in September, Prasad and Lakshman asked that the commission be reconstituted, which it was under the chairmanship of E.E. Jenkins, the Attorney-General, but its report recommended against an increase in the price of cane so vindicating the stand of those who had opposed it.³² Instead of a commission the Maha Sangh, the left wing of the Kisan Sangh and a new association, the Rewa Cane Growers' Union, demanded an arbitration tribunal whose report would be binding, and announced that until then growers would refuse to harvest their cane.³³

In contrast to its rival, now the right wing of the Kisan Sangh, the Maha Sangh adopted a strong anti-CSR position, arguing that although recent advances in the price of sugar had been reflected to some extent in higher cane prices (see Table 7.7), the company was still able to make exorbitant profits part of which ought to be shared with the growers. If necessary, farmers should force CSR to do this. The argument had wide appeal among growers, who recalled that the threat of a strike in 1939-40 had been followed by a reversal of the company's refusal to negotiate with them, and that agitation by the Kisan Sangh in early 1941 had led to further concessions. Compared to the moderation of men like Ayodhya Prasad and to the Kisan Sangh store, which at best had met the needs of only a few farmers, direct action against CSR seemed to offer a quicker and more effective way to raise real incomes. And this was important, for during the war there had been an increase in essential farm

and household costs which had reduced the real income from cane. The Jenkins commission found that the annual average costs of production and of living on a twelve-acre farm had risen from an estimated £88 4 11½d in 1939 to £132 8 3d in 1943, an increase of about 50.5 per cent. After computing

Table 7.7

Volume of sugar exports, value of exports per ton
and price of cane, 1939-50

Year	Tons exported	Approximate	Average	
		value per ton	price of cane	
		£	s	d
1939	118,470	12	15	4
1940	93,631	14	20	1
1941	70,328	13	n.a.	
1942	131,294	13	19	7
1943	92,528	15	23	8
1944	67,252	15	24	0
1945	30,504	18	28	10
1946	106,274	20	29	8
1947	112,433	25	32	2
1948	149,497	29	35	1
1949	110,968	29	36	5
1950	114,254	33	49	2

Source: J.C. Potts, 'The Sugar Industry in Fiji: Its Beginnings and Development', *Transactions & Proceedings of the Fiji Society*, 7 (1958-59), 126; FSC Ltd, 'Industrial Statistics Summary', Table 23.

- Notes:
1. Tons exported and values per ton are for each calendar year, whereas the average price of cane relates to each season which normally started midway through the year and ended during the following January.
 2. Under a new contract, growers received a substantial increase in price in 1950.

an average value for the rice it was assumed each grower cultivated, total receipts from the farm of a cane grower were thought to have risen by only 39.8 per cent — from £98 5 0d to £139 3 0d. Thus the surplus of receipts over expenditure, which provided the savings from which farmers

could meet socially important life-cycle expenses — weddings and the like — had fallen from about £10 in 1939 to £6 15 0d in 1943, a drop of about 32 per cent. From this the commission came to the surprising conclusion that no increase in the price of cane was justified.

These figures do not tell the whole story, however. By taking an average farm — whose size was mistakenly put at twelve acres instead of just over eleven — the commission underestimated the hardships experienced by those on smaller holdings. It reckoned that the cost of living — excluding luxuries — for a married man with four children rose by 66 per cent, or about £30, over the period. Obviously a farmer on twelve acres, who would have seen his gross receipts increase by about £40, would have had less difficulty in accommodating this rise than a family on six acres, whose gross income would have grown by only £20. Moreover, the commission had nothing to say about the sharp contraction of credit in 1942 when wholesalers, led by Morris Hedstrom and Burns Philp, reacted to uncertainties about the future price of raw sugar, and hence of cane.³⁴ Doubts about what price it would fetch reduced the value of cane as a security, and this specially hurt farmers who could not rely on alternative sources of income while they awaited payments for their 1942 crop. Most important of all was that the commission took 1939 as its base year, so that the decline in real farm incomes between 1940 and 1943 was understated. Table 7.8 shows the average price of cane from 1938 to 1943, the annual incomes of an average farmer over the period and estimated changes in the cost of living. From these it can be seen that cane prices rose more sharply between 1939 and 1940 than they did from 1940 to 1943, whereas the cost of living rose more quickly over the latter period. Consequently, having seen an improvement in real incomes during the first year of the war, growers experienced a fall in their real earnings from cane over the next three years.³⁵

Of course, a large number of farmers in western Viti Levu were compensated by the availability in 1942 and 1943 of part-time jobs in laundry and other services to Allied troops or in supplying them with vegetables, while their sons (or younger brothers) could obtain full-time employment in a variety of public works. Yet although this raised the living standards of the Indian community in this part of Fiji, it did little to reconcile growers to the fall in real incomes from their farms. As wages soared (the demand for labour outstripped supply), so relative returns from cane

farming compared with other activities declined. Since cane had been among the most lucrative occupations for an Indian, perhaps only surpassed by certain types of business and the legal profession in which a very small number of Indians were engaged,³⁶ it was understandable that growers should seek an increase in their returns so that cane farming could maintain its occupational status. This would have been particularly important because, for most growers, off-farm employment during the war provided no more than a supplementary income to their main source of livelihood, the farm. Above all, as many Indians grew more prosperous, if only for a short time, there was a rise in the expectations of those who experienced, or witnessed, the higher standards of living involved. CSR predicted, quite accurately, that from this would come demands for an increase in the price of cane.³⁷

Table 7.8

Average price of cane, annual incomes of a farmer on 11 acres of land and changes in the cost of living, 1939-43

Year	Average price of cane		Income from cane of a farmer on 11 acres			Cost of living index for Viti Levu except Suva
	s	d	£	s	d	
1939	15	4	79	13	11	100
1940	20	1	105	9	9	109
1941	n.a.			n.a.		n.a.
1942	19	7	108	15	8½	128
1943	23	8	119	12	8½	156

Source: CSR Ltd, *Manufacture Reports*, 1940 to 1944; FSC Ltd, 'Industrial Statistics Summary', Tables 7(a), 23.

Notes: 1. The income from cane of a farmer on eleven acres of land, approximately the average size of a cane farm, was calculated by multiplying the average price of cane by the average yield of cane per acre for the year in question by five and a half acres (the area likely to have been cropped).

2. The dates taken by government on which to base the cost of living were August 1939, 3 June 1940, 27 June 1942 and 12 June 1943. Up to and including June 1943 the figures were no more than rough estimates.

The farmers' strike began in July 1943, and coincided with a very sharp increase in the cost of living due to the large quantity of money put into circulation by the Allied troops and the limited amount of imports on which it could be spent (see Table 7.9). The strike followed successful industrial action in July by workers in the Lautoka and Rarawai mills, who were awarded a generous pay increase by an arbitration tribunal one of whose members, representing employees, was A.D. Patel.³⁸ Perhaps it was Patel's experience on this tribunal which encouraged the Maha Sangh to demand a second one to rule on the cane growers' dispute. The refusal to harvest cane was confined to Viti Levu, for Labasa had been hardly affected by the unionization of growers. Infrequent communications between Fiji's two main islands was one reason for this. Another was the generally lower standard of education among Indians at Labasa, which hindered the dissemination of news from the rest of the group.³⁹ A third was that there was less dissatisfaction among farmers than in other cane districts because the cost of living at Labasa had risen less sharply during the war.⁴⁰ Not many troops were stationed and fewer public works were undertaken on Vanua Levu.

Table 7.9

Changes in the cost of living, 27 June 1942 to 1 April 1950
(1939 = 100)

<u>Date</u>	<u>Cost of living index</u>
27 June 1942	128 ^a
12 June 1943	156 ^a
1 Oct. 1943	215
1 Jan. 1944	215
1 Apr. 1944	200
1 Apr. 1945	186
1 Apr. 1946	187
1 Apr. 1947	211
1 Apr. 1948	237
1 Apr. 1949	239
1 Apr. 1950	241

Source: FSC Ltd, 'Industrial Statistics Summary', Table 7(a).

^aRough estimate only.

Despite widespread refusal to harvest at the other mills, CSR refused to alter the contract signed in 1940.

Yet as one of its future general managers, Dr R.W. Harman, later admitted, the company could have afforded to pay more for cane in 1942, and had it done so the strike would probably have been averted.⁴¹ Equally, CSR could have passed on to growers the whole of an increase in the price of sugar announced in September 1943, and to take effect on 1 January 1944. Hoping to bring the strike to an end, the Colonial Office asked the company if it would do this, but it refused.⁴² CSR feared, as it had during World War I, that sugar prices would fall when world trade returned to normal after hostilities ceased. It did not want the industry made uneconomic by wage and cane price increases which could not be sustained after the war. The company feared, too, that if it gave way to growers as a result of industrial action, it would encourage greater militancy in future.⁴³ A third, but not the major, consideration was CSR's view that the higher the price of cane the lower would be the output from each farm, since growers would be able to realize their limited money aspirations with less work.⁴⁴

The company was well placed to resist the strike. At least at Lautoka, the largest mill, it was expected that even if the whole crop was harvested in 1943 the amount of cane crushed would be unusually small, perhaps because off-farm employment had led to the neglect of cane but also because the shortage of fertilizer during the war was likely to have reduced yields.⁴⁵ The exclusion of Labasa from the dispute meant that even if the stoppage lasted all season, the company could be assured of enough income to cover many of its overhead expenses. CSR was fortunate not only that the cost of the strike was limited in these ways, but that it had amortized its original investment several times and had amassed substantial reserves from its operations in the colony. Consequently, the company was not under pressure to repay investment recently undertaken in Fiji, and had the financial resources to sit the strike out. Although it would be a major blow, the loss of a year's profits could be seen by CSR as a relatively small price to keep the industry viable and prevent a decline in the value of its assets.

The company also benefited from the tacit support of government. Again as in 1921, officials differed with CSR on how the dispute could best be handled. Like many of his predecessors, Mitchell complained about the excessive secrecy of the company, while CSR lamented government's failure to deport the leaders of the strike — an impossible

course because of public opinion in Britain and India.⁴⁶ Yet despite these differences, government acted on the assumption that the existing basis of the industry — the ownership of the mills by a private company — should be maintained. A suggestion by growers that the mills be nationalized was rejected. CSR was technologically an extremely efficient miller: if it could not operate profitably in the colony, then who could? Any resolution of the dispute, officials thought, must be on terms that would allow the company to continue in Fiji. Thus, as the Colonial Office pointed out, the price of cane could not be based on what was considered a desirable standard of living for growers, since without an appropriate rise in the sugar price this would prevent CSR from making a profit.⁴⁷ The given elements in the equation were adequate returns to the company and the price of sugar: the income of farmers had to be adjusted to these.

In this situation, an arbitration tribunal would not have settled the strike. Since the tribunal would have been composed of an equal number of company and growers' representatives, the casting vote would have lain with the government-appointed chairman. Though in the millworkers' dispute the chairman had favoured the labourers, with cane as CSR's major item of cost it was unlikely that he would again side with those on strike. This was made clear in October when the Jenkins Commission advised against an increase in the price of cane. The problem for government was that with CSR based in Sydney, the tribunal would have had no legal power to examine the company's books,⁴⁸ and so would have been unable effectively to question CSR's arguments in favour of the existing cane price. Yet if it rejected them, there was the possibility that the company would go ahead with its threat, made on several occasions, to close one or more of its mills. Since there was no way of telling whether the threat was real, the chairman could be expected to side mostly with CSR, leaving the possibility that growers would reject the tribunal's report. Because an arbitration award was legally binding, government would be faced with a major challenge to its authority if growers remained on strike.

Rather than have to deal with this Mitchell favoured an alternative solution, which was for Britain to raise the price of raw sugar substantially and to guarantee high prices to Commonwealth producers after the war by buying all her supplies from them. Growers would then get an

increase in the price of cane, which is what they wanted. Mitchell told the Colonial Office:

Farmers here are seeing more and more clearly that real substance of their case is standard of living. Company takes its stand on the assumption that world price level is uncontrollable and omnipotent and would be a charge ranking prior to producers standard of living. Unless I have misunderstood the papers your department makes the same assumption as the Company. Since officially the two conceptions are fundamentally opposite and irreconcilable, no solution can be expected from price fixing machinery or any other palliative, but only at the best a succession of armistices.⁴⁹

As part of international marketing arrangements which provided cheap tropical produce to the industrialized west, during the 1930s Fiji had sold sugar to Britain and Canada under an imperial preference designed to support sugar industries in the Commonwealth, but not at the cost of a large rise in prices. In 1943 post-war arrangements for marketing Commonwealth sugar were being discussed in London. It was recognized that prices could not be allowed to return to their pre-war levels, if only because the social unrest caused by falling living standards would impose on Britain an unacceptable cost in maintaining law and order. Mitchell's proposal, on the other hand, was equally unacceptable because of its cost to the consumer, and it was not seriously considered. Consequently, government had little room for manoeuvre. All it could do was in effect to support CSR by protecting from intimidation farmers who wanted to harvest cane, placing Patel and Rudrananda under house arrest, and trying to persuade growers to return to work and await the report of a commission of inquiry.⁵⁰

The strike finally ended in January 1944, but well before then it had begun to crumble, as Table 7.10 shows. Growers returned to work without the promise of an arbitration tribunal and without securing an increase in the price of cane. Why had they been defeated? One reason was that in the face of what growers saw as the united front of government and CSR, they were divided. Farmers at Ba, where the Muslim-dominated right wing of the Kisan Sangh was strong, were among the first to start harvesting. Divisions were exacerbated by differences in the ability of growers to withstand a long strike. It was no accident that the

return to work began at Penang and Rarawai, where growers had fewer opportunities than those elsewhere on Viti Levu to find off-farm jobs and were less able than CSR to forgo a year's income from sugar. The example of farmers harvesting discouraged others, so that as the season drew to an end there was a rush to cut cane before the mills closed. Finally, in January 1944, Ratu J.L.V. Sukuna at a meeting of farmers in Nadi urged growers to harvest their cane. He threatened that if they refused, those on Fijian land might have difficulty renewing their leases.⁵¹ Though this simply brought to an end a strike that had already virtually collapsed, the role of the Fijian community through Sukuna was reminiscent of the part played by Fijian labourers in ending the 1921 dispute.

Table 7.10

Output of mills on Viti Levu, weeks ended 23 October to
20 November 1943

Mills	Approximate sugar producing capacity	Proportion of capacity produced in week ended —				
		23 Oct.	30 Oct.	6 Nov.	13 Nov.	20 Nov.
	tons	%	%	%	%	%
Nausori	600	11	14	18	24	53
Rarawai	1,800	60	81	79	79	83
Lautoka	2,400	26	33	38	39	44
Penang	400	69	85	75	76	74

Source: Watson to Carstairs, 29 Nov. 1943, C.O. 852/518,
file 19666/56.

The 1943 strike was the most significant expression since 1921 of growers' antagonism toward CSR. Yet although it demonstrated a heightened awareness among farmers of their common interest against the company, the dispute also revealed how limited this consciousness was. The inter-union rivalry that preceded and accompanied the strike showed that for the majority of Indians cultural, personal and religious differences were more important. It was evident, too, that farmers still accepted the existing order of society. They were willing to co-operate with those whose economic interests were in direct conflict with their own. The demand for nationalization, though made by a few growers, was not

one of their priorities. The concern of Patel and Rudrananda was to make CSR more accountable to the public of Fiji, not to get rid of it. They objected not to the company making profits, but to the repatriation of what they believed to be excessive profits — defined by them as a return on assets of over 7.5 per cent. Though the Maha Sangh was decidedly more anti-CSR than the right wing of the Kisan, like its rival it sought reforms within the system rather than a radical change in the system itself. So it was natural that many growers should hail as a victory the immediate outcome of the strike, which was the appointment to inquire into the economics of the industry of C.Y. Shephard, Professor of Economics at the Institute of Tropical Agriculture, Trinidad. Without jeopardizing the company's operations, Shephard's report was designed to reconcile growers to the continued presence of CSR in Fiji.

The Shephard report

The appointment of Professor Shephard followed proposals by Mitchell in late 1943 that to settle the strike, even if the solution was only one in a 'succession of armistices', either the Ministry of Food should send an official to investigate the profits being made by CSR or some permanent machinery be established to fix the price of cane.⁵² The Ministry of Food refused to be involved in a question that was the responsibility of the Fiji government, so in December the Colonial Office suggested that Shephard, who had made a similar enquiry into the Trinidad sugar industry, be asked to advise on the price of cane and the creation of price fixing machinery in Fiji.⁵³ Acting through the company's representative in Fiji, H.R.F. Watson, officials persuaded CSR to provide Shephard with information about its costs and profits in the colony. This was the first time the company had made such a concession, and it arose perhaps from the need to maintain good relations with the British government. With arrangements for the marketing of Commonwealth sugar after the war being discussed in London, CSR was lobbying hard to prevent the interests of Australia, whose sugar it sold, and those of Fiji being sacrificed to those of the West Indies and Mauritius. Co-operation with Shephard might help the company achieve this.⁵⁴

Having made this concession, CSR was dismayed to learn that Shephard not only wanted to know what profits it had been making, but intended to base the price of cane on

these. The company felt he should also take into account the returns from growing cane.⁵⁵ Moreover, since the bulk of farmers' demands were designed to raise their incomes, unless Shephard was convinced its profits were small CSR might be asked to pay more for cane as a way to satisfy growers. Apart from a significant increase in price, the demands put to Shephard in June 1944 by farmers' unions, which had agreed to co-operate during the inquiry, included requests that the value of molasses and begasse (a by-product of sugar manufacture) be added to that of sugar when calculating the price of cane; that CSR be obliged to extract the maximum sugar from cane, in order to ensure the highest possible returns to growers if the cane price was related to the value of sugar sold; that farmers should control the varieties of cane planted, thereby enabling them to choose ones that were heavy but not necessarily sweet (so maximizing their returns but not CSR's); that the cultivation of foodcrops be permitted on one quarter of the farm's area so that land not currently under cane could be put to productive use; that to police CSR's contract with growers a Board of one representative each from farmers and government be established with full access to CSR's books.⁵⁶

To avoid being forced to concede these demands, all of which it opposed, CSR compiled figures to show that it had made negligible profits in Fiji (see Table 7.11). The period taken was 1930 to 1943, long enough for the company to claim that the figures reflected the profitability of its mills. But although the period included the worst years of the depression, which were exceptionally bad, it excluded the rather better years of the late 1920s. The year 1941 was omitted on the grounds that part of the crop had been destroyed, though CSR was compensated for this by the British government and made a substantial profit that year. A loss was recorded for 1943, whereas the internal profit and loss accounts for the Fiji mills showed that the company earned a modest return that year; in any case the strike made 1943 a poor guide to what CSR could expect to earn in the colony, so if anything it should have been excluded. In addition, CSR based the value of its fixed assets (except land) on their replacement cost in 1939, with allowances for capital expenditure over the previous ten and following four years.⁵⁷ Since most of the mill equipment was over twenty-five years old, the valuations given to Shephard were considerably more than the assets were worth. The company justified this on the grounds that differences between figures given to Shephard and the historical cost values less depreciation

represented the value of its replacement and depreciation reserves, which it could either use as working capital or invest in ways which increased its profits.⁵⁸ But there is no indication from the internal accounts that interest from the reserves was added to profits of the Fiji mills. In fact, it is more likely the reserves were used to finance the expansion of CSR's Australian activities during the late 1930s and 1940s, returns from which were kept in separate accounts. Nor apparently were the reserves used as working capital, for the company included an additional figure of £500,000 for this when estimating the total funds tied up in its Fiji business.⁵⁹ By placing a high value on its assets CSR could show larger amounts for depreciation, so reducing its net profits. And of course, as a percentage return on investment these profits appeared lower still.

Table 7.11

CSR's profits and (losses), 1930-43, as presented
to C.Y. Shephard

Year	Profit or (loss) ^a	Income tax	Net profits or (loss)	Total assets	Profit or (loss) on total assets
	£	£	£	£'000	%
1930-34	(298,052)	7,954	(306,006)	4,857	(1.3)
1935	52,101	7,016	45,085	5,078	0.9
1936	61,615	6,821	54,794	5,205	1.1
1937	118,235	13,433	104,802	5,424	1.9
1938	32,019	7,847	24,172	5,523	0.4
1939	196,894	24,641	172,253	5,681	3.0
1940	265,100	31,659	233,441	5,840	4.0
1942	390,864	102,297	288,567	6,008	4.8
1943	(85,555)	nil	(85,555)	5,775	(1.5)

Source: C.Y. Shephard, *The Sugar Industry of Fiji*, 49.

^aAfter depreciation, calculated at 4 per cent of fixed assets (except land).

Shephard concluded that the company had over-valued its assets and was charging too much for depreciation.⁶⁰ The value of machinery and transport for a mill in Fiji had been put at almost twice that for a mill of equivalent size in Trinidad, while the amounts charged to depreciation were considerably higher too.⁶¹ He guessed that since 1930 CSR had earned an average return before income tax of about

3 per cent a year, which was an unattractive yield on investment.⁶² In fact, returns were probably higher than Shephard believed. By relating figures from confidential profit and loss accounts to the value of assets in Fiji as shown in the company's *Half-Yearly Reports* (plus the estimated value of working capital and stocks), average annual returns before tax can be put at about 5.6 per cent for the period 1924 to 1939, while those after 1939 were about 12.6 per cent, or 14 per cent if 1943 is excluded because of the strike. For the whole period returns averaged 7.3 per cent.

Now it might be said that this is misleading, since profits are being related to the historical cost of assets which were expressed not in contemporary money terms, so allowing for price changes, but in currency values at the time the investment occurred. If account is taken of price increases since the assets were installed, as CSR argued it should, then the real value of capital would make returns on investment appear less. Yet it must be remembered that in May 1923 CSR had 'bought' the fixed assets in Fiji from its wholly owned subsidiary, the Colonial Sugar Refining Co. (Fiji and New Zealand) Ltd, for £1,139,000. Though the price was £1,625,000 less than the book value of the assets — the company had written this off to reinforce a political point at the Colonial Office — it represented the then cost to CSR of its fixed assets in Fiji. As prices rose by a negligible amount before 1939, though they did rise significantly thereafter, the figures in the *Half-Yearly Reports* reflected quite accurately — at least up to 1939 — the value of the company's investments. By presenting Shephard with figures based on a revaluation of its assets, CSR sought to avoid the consequences of having reduced in 1923 the apparent profits it had made in Fiji during and after World War I.

The annual average return of 7.3 per cent was only slightly above the Australian bank overdraft rates for the period.⁶³ Since sugar investments are more risky and more illiquid than bank overdrafts, it is likely that a return of at least 10 per cent would have been needed to attract capital into the industry. However, as CSR's profits in Fiji had already paid (several times over) for its original investment in the colony, the company would probably have been content with a return of less than 7.3 per cent, though this would have reduced the incentive to expand its operations. After all, if CSR withdrew on the grounds that its assets were no longer profitable, it would be hard to realize their book values by selling them. It was better to

earn modest profits than to make a loss on the sale of its investments. Room for increasing the contract price of cane was even greater because of the relatively high sugar prices paid since 1939; they had enabled the company to make an average annual return on capital since then of 12.3 per cent despite the strike. Shephard acknowledged that if the war-time price of sugar continued CSR could afford to pay more for cane, but argued that by curtailing output the strike had made it uneconomic to do this. Perhaps, like the company, he also doubted if high prices would last after the war, and feared that if farmers were given a better price now they would refuse to accept a lower one when circumstances had changed. Still, whatever the reason, Shephard recommended against an increase in the contract price of cane, though he did suggest — and this was reluctantly accepted by the company — that the value of molasses be credited to the proceeds from sugar when calculating the cane price.⁶⁴ The growers' demand that the value of begasse also be added was rejected, even though begasse was worth something since it was used as fuel in the mills. So it was that CSR won the first round in a fight to retain exclusive control of its operations in Fiji.

Unwilling to raise the cane price by much, Shephard tried to improve the farmers' lot in other ways. One of his major recommendations, reminiscent of Stockdale's report in 1937, was that a system of mixed farming be introduced in cane areas. Growers should be encouraged to use their livestock for the manufacture of manure; a bigger effort should be made to find cash or subsistence crops which could be grown on land under long fallow. A Scientific Investigation Committee with representatives of growers, company and government should be established to supervise experimental work along these lines. Shephard hoped that this would increase farm incomes, as also might alterations to the system of land tenure. He suggested that the Native Land Trust Board (NLTB) should encourage better soil conservation by sugar contractors on its land; speculation in NLTB leases should be prohibited, so preventing the payment of large premiums which saddled incoming farmers with big debts at high rates of interest; there should be greater security of tenure for farmers on NLTB and also company land, to make them more willing to invest in long-term improvements to the soil. Finally, Shephard recommended the appointment of a Sugar Board with three government representatives and two each of the farmers and CSR. It would protect and develop the welfare of the industry, advise the governor on

important matters, certify the price payable for cane and expend any cess it might levy on the industry. Shephard's recommendations were designed to improve company-grower relations by raising farm incomes without major cost to CSR, and by increasing growers' involvement in the organization of the industry without reducing CSR's overall control.⁶⁵

The company was strongly opposed to these ideas, except those relating to the NLTB, and did all in its power to prevent their implementation. It felt its position in Fiji had already been weakened by the emergence of unions, and that its control over growers would be further reduced if they were allowed to share in the management of the industry, or if its leases were to be for twenty-one years — instead of the existing ten — renewable after eleven, as Shephard proposed. Head office feared the latter suggestion would leave field officers with less influence over farmers because the threat of eviction would not be so great.⁶⁶ Only recently CSR had threatened fifty-six tenants and contractors with eviction or immediate cancellation of contracts to purchase cane following their involvement in the 1943 strike, but fearing renewed trouble in the industry government had intervened to prevent this.⁶⁷ With this in mind, officials were eager for the company to amend its tenancy agreement on the lines suggested by Shephard, but CSR refused. A compromise was eventually reached whereby the company publicly undertook to renew leases when they expired provided their conditions had been fulfilled, which was no more than a statement of the existing position.⁶⁸

Discussions on the Scientific Investigation Committee were more protracted. Seeing it as a vehicle for outside intervention in the industry and fearing requests for the company to undertake experiments with which it disagreed, CSR was utterly opposed to the committee and threatened to boycott its meetings if it was more than just an advisory body.⁶⁹ Having been reassured on this last point the company then asked for, and received, an undertaking that government representatives would not side with growers in asking for experiments which CSR was against.⁷⁰ During discussions the purpose of the committee was also changed. Instead of promoting mixed farming, it was to be a Cane Consultative Committee whose main function would be to receive reports on CSR's research into cane breeding and the like. CSR won these concessions partly because officials felt the Department of Agriculture was so overworked already that it should not assume a new, major role in connection with the

sugar industry, which official representation on a Scientific Investigation Committee would have involved.⁷¹ Since the company was well equipped to do research the answer, officials thought, was for government to rely on CSR and try to influence the type of work done. It would not be able to exert such influence if good relations with the company were damaged by differences over the Shephard report. Yet by conceding CSR's most important demands officials were left with a committee which, in the view of cane growers, could serve no useful purpose. Motions to this effect were passed at meetings of farmers in mid-1947, and as a result the proposal was dropped.⁷² CSR continued to allow growers to plant certain food crops like dhal on fallow land, but it did not give priority to research into mixed farming, a matter in which the company felt it had little direct interest. This was to be lamented in the 1950s by agricultural experts who visited Fiji.⁷³

An advisory Sugar Board was Shephard's third major proposal, and this too was opposed by CSR. The company feared it would become a forum in which rival unions would try to increase their support among growers. The result would be extreme demands which, in its own interests, CSR would have to refuse. This, in turn, might bring the company into renewed conflict with farmers, so that the net effect of the Board would be to worsen rather than improve relations in the industry thereby, perhaps, providing a pretext for further government intervention.⁷⁴ In advancing its view CSR was helped by the Kisan Sangh, which on this question was once again, if unwittingly, collaborating with the company. As part of a campaign to discredit the Maha Sangh by claiming there had been no gains from the strike, the Kisan Sangh (whose two wings had reunited in 1944) refused to co-operate with the proposed Sugar Board on the grounds that, because of the need to protect CSR's interests, it would be powerless and would achieve nothing. Faced with opposition from CSR, this division among growers and also the difficulty of finding an acceptable method of selecting farmers' representatives, government shelved the idea of a Sugar Board in late 1947, though the scheme was revived - only to be rejected - on several occasions thereafter.⁷⁵ Thus CSR, had survived the 1943 strike, the Shephard inquiry and discussions on the Shephard report without making any major concessions to growers. From the company's view, it was a remarkable achievement.

Yet CSR could not avoid concessions indefinitely. This was largely because the effects of the war had caused

a steady rise in sugar prices so that by 1950 the price was almost three times what it had been in the 1930s (Table 7.7). To replace wartime arrangements for the purchase of Commonwealth sugar by the British government and to ensure stable prices for exporters, the Commonwealth Sugar Agreement (CSA) was negotiated in London between late 1949 and late 1951. The CSA provided for specified quantities of Commonwealth sugar to be bought by Britain and New Zealand at a price 'reasonably remunerative to efficient producers', to be negotiated each year, and for maximum quantities to be exported to Britain, Canada and New Zealand under preferential tariffs. Amounts in excess of this could be sold on the world 'free' market. Fiji's quota for preferential markets was 170,000 long tons, of which 125,000 would be sold at the negotiated price.⁷⁶ The agreement was to run till the end of 1974, when it lapsed as a result of Britain's entry to the European Economic Community. In effect, the CSA was designed to prevent private sugar companies going out of business because of rising labour costs; it did this by increasing the consumer subsidy on sugar. But though not a formal condition of the agreement, as with the introduction of the imperial preference in 1919, it was expected that the subsidy would be reciprocated. Britain's Board of Trade apparently saw the CSA as an opportunity to gain concessions for British exports, and it is reasonable to suppose that — at least initially — removal of the preference on British imports would have been out of the question for a Fiji governor who wanted to reduce the burden of imports in this way.⁷⁷

Even before the CSA negotiations began, CSR knew there would be some kind of arrangement to stabilize sugar prices in the 1950s. It also knew that since the Colonial Office intended the agreement, within limits, to enable higher wages and cane prices to be paid, if the company had another dispute with growers before significantly raising the contract price of cane, government intervention in the industry would be almost certain. Indeed, CSR feared that if negotiations for a contract to replace that signed in 1940 broke down, Shephard's proposed Sugar Board would be set up.⁷⁸ This encouraged the company to make substantial concessions over the price of cane during negotiations with growers in 1949–50, in the course of which the Kisan Sangh threatened to call a strike — the one period in its history when it took a more extreme stand than the Maha Sangh.⁷⁹ The higher cane price raised farmers' shares of the proceeds from sugar from an average of about 45 per cent in the 1940s

to an average of just over 60 per cent over the next decade.⁸⁰ CSR followed this in 1952 with a new tenancy agreement under which its tenants were given twenty-one year leases renewable at the end of ten years, basically what Shephard had proposed.⁸¹ By making these concessions CSR hoped to forestall outside intervention in the industry, and to placate farmers so that they would not challenge the company's control over them.

To retain absolute control of the industry had been the major preoccupation of CSR in the 1940s. Although the threat of government intervention remained, by the end of the decade the company appeared to have had considerable success. It had defeated the 1943 strike, the plan by Shephard to relate the price of cane to profits from milling and the implementation of the Shephard report. No doubt CSR would have argued that it had acted in the interests of the industry as a whole, and that this was to the advantage of Fiji. Yet there were disadvantages to the colony in what the company had done. There was the loss of sugar production caused by the strike — a strike which, as Dr Harman had admitted, CSR could have avoided since it could have paid more for cane. Shephard believed that because of its effect on output, over the three years 1943 to 1945 the dispute would cost farmers well over £1 million in lost income.⁸² To this must be added losses arising from CSR's refusal to raise the contract price of cane till 1950. If it had improved the contract price, the increase in cane prices during the 1940s (because of higher raw sugar prices) would have been much greater.

Yet, following a dramatic rise in raw sugar prices in the late 1940s, the company was able to increase its net profits in Fiji to over twice their 1942-43 level. If figures from confidential profit and loss accounts are related to the value of assets in Fiji as shown in CSR's *Half-Yearly Reports* (plus the estimated value of working capital and stocks), CSR's average annual return on investment from 31 March 1940 to 31 March 1950 comes to 14.73 per cent. The percentage would have been slightly larger if in 1949 the company had not increased the book value of its Fiji assets by £1,625,000, the amount by which they had been written down in 1923. Compared with bank overdraft rates, which ranged from 4.5 per cent to 5.75 per cent,⁸³ CSR could have been well satisfied with its results. Equally significant was the income it was able to repatriate from the colony. Table 7.12 shows estimated net profits after

tax from CSR's Fiji mills for the years ended 31 March 1941 to 31 March 1950. The net profit of £1,896,767 is expressed in 1939 prices to take account of changes in the general price level. No allowance has been made for factors like transfer pricing which might affect profits. Unfortunately, it is impossible to calculate very accurately capital expenditure over the period. From figures in the company's *Half-Yearly Reports*, the value of CSR's fixed assets in Fiji increased by only £373,623 (at approximate 1939 prices)⁸⁴ from 31 March 1940 to 31 March 1950. (This excludes the revaluation of the Fiji assets in 1949.) Capital expenditure would have been greater than this because as an asset was replaced, on the straight line method of depreciation which the company seems to have used, the book value of fixed assets would have been written down by the original cost of the asset before being written up by the cost of the replacement. Since there is no information on the historical cost value of the assets replaced during these years, it is impossible to infer from changes in the value of fixed assets exactly what capital expenditure occurred. However, if we assume, to be generous to CSR, that it was twice the increase in the value of fixed assets, capital expenditure would have totalled £747,246 — say £750,000. Adding back to net profit after tax the charge for depreciation and replacement, £609,377, and deducting the £750,000, we are left with a net surplus from milling operations of £1,756,144 at 1939 prices (see Table 7.13). This is the surplus arising from milling during the years ended 31 March 1941 to 31 March 1950: not all the surplus would have been actually available during this period (see note *a* to Table 6.6). As most of the surplus was repatriated, it did not generate economic activity by boosting incomes in the colony.

The third disadvantage was the defeat of Shephard's proposals. The failure to appoint a Scientific Investigation Committee left research on matters affecting cane farmers almost exclusively in the hands of CSR, which concentrated on ways to improve the yields and sugar content of cane. Since comparatively little work was done to develop mixed farming, growers were perhaps denied one means of raising their incomes. Furthermore, without this committee and the Sugar Board, the involvement of farmers in the decision making process of the industry was limited. True, union representatives continued to meet with company officers, but the degree of participation by growers was less than it would have been if Shephard's recommendations had borne fruit. The result was that the company continued to be seen

Table 7.12

Aggregate profits from CSR's sugar mills in Fiji for years
ended 31 March 1941 to 31 March 1950 (at 1939 prices)^a

	£ F	
Sales of raw sugar ^b	11,801,482	
Operating costs:		
Direct costs — purchase of cane, etc.	8,545,092	
Overhead costs	<u>278,850</u>	<u>8,823,942</u>
		2,977,540
Add miscellaneous profits from sale of molasses, operation of one of CSR's steamships, etc. ^c		<u>175,797</u>
Gross profit		3,153,337
Less charge for depreciation and replacement ^d		<u>609,377</u>
Net profit before tax		2,543,960
Less income tax		<u>647,193</u>
Net profit after tax		<u>1,896,767</u>

Sources: Mill profit and loss accounts, Chief Accountant, CSR Ltd, Sydney; 'Profit on company's Fiji mill activities — Years 1939-1955', CSR F 5.0/2/-.

Notes: ^a Changes in the general price level were measured by the cost of living index for Viti Levu except Suva. It provides only an approximate guide, however. First, the C.O.L. figures up to and including 1 June 1943 were only rough estimates; secondly, the dates on which the C.O.L. was based changed from in August 1939 to in June 1940, 1942 and 1943, and 1 April of each year thereafter (the C.O.L. for June 1941 has been assumed to be halfway between that of June 1940 and June 1942); thirdly, the sample of goods and services on which the C.O.L. was based became increasingly inaccurate as a guide to price changes of all goods and services in the colony. In 1960 it was abandoned in favour of a more accurate one. For all its defects, the index is better than nothing. Assumed is that all outgoings and receipts were paid at the end of the company's financial years, when the price levels have been taken.

^b Excludes income from sale of stocks held on 31 March 1940 but includes income from sale of stocks held on 31 March 1950.

^c Profits seem to exclude gains/losses from rents, the Yaqara cattle station, the dairies and butcheries, and the pineapple cannery.

^d The charge appears to have been on a straight line basis — 4 per cent each year on the original cost of fixed assets. Assumed is that gains/losses from disposal of fixed assets are treated as capital transactions and are excluded from mill profit and loss accounts.

as authoritarian and paternalistic, an image that was to become increasingly repugnant to farmers and add bitterness to another strike by them in 1960. The 1943 dispute had shown that growers were becoming increasingly aware of how their interests conflicted with CSR. The Shephard inquiry and discussions on the Shephard report showed how great these differences were.

Table 7.13

Estimated cash flow arising from sugar milling activities for years ended 31 March 1941 to 31 March 1950 (at 1939 prices)^a

	£ F
Net profit after tax	1,896,767
Add back depreciation and replacement	<u>609,377</u>
Total cash surplus	2,506,144
Less estimated capital expenditure ^b	<u>750,000</u>
Cash surplus	<u>1,756,144</u>

Sources: Table 7.12; Colonial Sugar Refining Co. Ltd, *Half-Yearly Reports*, 1940 to 1950.

Notes: ^a Not all the cash flow would have occurred during this period (see note *a* to Table 6.6).

^b Capital expenditure is assumed to be twice the increase in the value of fixed assets shown in the company's *Half-Yearly Reports* (but excluding the amount by which the assets were revalued in 1949). From Trade Reports (which were not published during the war except for an abbreviated and unhelpful report in 1941), imports of capital equipment connected with sugar production (milling machinery, railway materials, locomotives and spare parts, rolling stock and spare parts) totalled £676,038 (f.o.b.) for the calendar years 1944, 1945, 1947, 1948, 1949 (the Trade Report for 1946 was not available). Increments in the value of fixed assets at current prices for periods 31 Mar. 1944 to 31 Mar. 1946, and 31 Mar. 1947 to 31 Mar. 1950 totalled £579,232. When doubled this is £1,158,464 — well in excess of the value of capital imports. So it is fair to assume that the estimate of capital expenditure is being generous to the company.

Chapter 8

The Eve Commission, 1961

The conflict of interest between growers and CSR remained after 1950, even though in some ways it appears that cane farmers were more prosperous than they had ever been before. Table 8.1 shows that yields of cane were slightly higher in 1951-55 than during the 1940s, and significantly higher over the next five years following the introduction of new hybrid varieties which raised yields and increased the area of the farm cropped each year from about 54 per cent of the land under cane in 1954 to 64 per cent in 1959.¹ There was also a big rise in the price of cane, thanks to the contract signed in 1950 and to an increase in the price of raw sugar (see Table 8.2). In real

Table 8.1

Yields of cane (tons of cane per acre)

	Averages for periods of five seasons:			
	1941/5 ^a	1946/50	1951/55	1956/60 ^b
Nausori	17.0	16.9	17.1	18.7
Rarawai	17.9	21.6	21.6	22.7
Labasa	18.1	16.9	17.4	18.4
Lautoka	19.1	21.5	21.8	24.0
Penang	17.0	18.4	18.3	20.6
True average	18.2	20.1	20.2	21.6

Sources: FSC Ltd, 'Industrial Statistics Summary', Table 18(a); CSR Ltd, 'General Report on Cane, 1972', Table 6.

Notes: ^a1943 strike depressed yields.

^bExcludes 1960 figures which were unavailable because of industrial trouble.

Table 8.2

Average price of raw sugar exports and of cane, and price of cane as a % of price of raw sugar, 1950-59

Season	Price of sugar exports (£F per ton)	Price of cane		Tons of cane to make one ton of 94 N.T. sugar	Price of cane as % of raw sugar
		s	d		
1950	32.3	49	2	7.3	55.7
1951	36.5	58	7	7.0	56.2
1952	39.7	65	10	7.3	60.5
1953	41.7	71	6	7.3	62.6
1954	42.5	71	6	7.8	65.6
1955	41.7	70	10	7.7	65.4
1956	43.3	74	9	7.2	62.1
1957	45.2	79	1	7.4	64.7
1958	40.9	69	1	7.6	64.2
1959	39.5	64	4	8.5	69.2

Source: 'Average price per ton of 94 N.T. sugar and average price paid per ton of cane. Fiji mills including Nausori', CSR U 3.0/3; *Transcripts of the public hearings of the Fiji Sugar Inquiry Commission*, 1961, 107.

Table 8.3

Annual average income per supplier of cane

Season	Average income per supplier (to nearest £F)	Average income at 1950 prices ^a (to nearest £)	Change on 1950
1950	223	223	100
1951	287	247	111
1952	342	283	127
1953	504	400	179
1954	350	285	128
1955	411	334	150
1956	333	258	116
1957	478	373	167
1958	380	299	134
1959	540	425	191

Source: FSC Ltd, 'Industrial Statistics Summary', Tables 7(a), 19(c), 23.

Note: ^aGeneral price level measured by Cost of Living Index for Viti Levu except Suva at the end of each year.

terms, as measured by the cost of living index for Viti Levu except Suva, average farm incomes rose by 79 per cent from 1950 to 1953, and then fluctuated at lower levels but considerably above those in the late 1940s, before rising sharply in 1959 (see Table 8.3). Population pressure was eased by an areal expansion of the industry which helped increase the number of growers from 7,742 in 1950 to 14,200 in 1959.² The expansion was made possible by the guarantee of a market for Fiji under the Commonwealth Sugar Agreement — for 170,000 long tons against exports in 1950 of 114,254 tons³ — and by the development of cane varieties which could be grown on marginal land.⁴ It might seem, then, that farmers had little cause to be dissatisfied with their position in the industry.

Opposition to CSR

Yet higher incomes and the bringing of new land under cane were not enough to reconcile growers to the company. The Indian community was becoming steadily more frustrated with its economic and political status in the colony,⁵ and the particular problems faced by cane farmers added greatly to the discontent. At Penang the involvement of new growers was at the expense of others in the industry. In the late 1950s a geographer, R.M. Frazer, found that expansion into wetter areas on the west and south of Viti Levu Bay had meant that a crop of lower sugar content had been milled, so reducing the average quality of cane at Penang to the same as the other mills. This caused resentment among old-established growers because Ra cane was no longer purchased at a special rate to compensate for better-than-average quality. They felt they were subsidizing newcomers who should have been paid less for their crop.⁶ On the other hand, to the dismay of CSR, new farmers often settled on plots which were smaller than those of growers who had been longer in the industry. The proportion of contractors' farms under eight acres rose from 40 per cent in 1944 to 52 per cent in 1960, while that of tenants went up from 3 per cent to 22 per cent.⁷ Since these smaller holdings were frequently located on marginal land which gave lower yields, the incomes of new growers were usually well below many of their longer established friends and relatives.

Also, recent entrants were not normally served by CSR's tramlines and had to pay more for transport than those who were. All the latter had to meet were the wages of men who ran portable line into the fields, and the cost of bullocks or tractors used to haul the cane to the main line (and often even the bullocks or tractors were the farmers' own). Growers not close to a tramline had to face the capital expense of constructing roads and the cost of having their cane transported by lorry. In 1952 CSR estimated that the average cost of harvesting and lorry transport to the nearest tramline was 7s 6d to 12s 1d per ton. Usually it was cheaper for cane to be taken direct to the mill since it saved the expense of transloading on to trucks. For growers at Barotu, who were fifteen miles from the Penang mill, the cost was as high as 18s a ton.⁸ Frazer reckoned that in 1959 a farmer near the maximum distance from Penang and transporting his cane direct to the mill by lorry would make a profit of about 17s a ton from a crop of 159 tons, a net return just over half that of a grower with similar costs but adjacent to the tramline.⁹ It was not surprising that lorry suppliers should start making unfavourable comparisons between their incomes and those of more established farmers, and that by the end of the decade there should be demands for CSR to pay a subsidy to cover the additional cost of transport.¹⁰ Since over a third of all growers delivered by lorry in 1960, the number of discontented farmers was considerable.¹¹

Moreover, population pressure on cane land intensified. Table 8.4 shows that from 1946 to 1966 the Indian rural population grew at a faster rate than the 77 per cent increase in land under cane. Yet employment opportunities were still limited. As Table 8.5 indicates, the number of adult male Indians engaged in activities other than the cultivation of cane rose by only 37.3 per cent, while those employed on farms where cane was the principal crop went up by 133.2 per cent. Even after allowing for difficulties of comparison — the 1946 figures, for example, include persons aged over 11 whereas the 1966 ones relate to those over 14 (so tending to underestimate the general trend) — it is clear that those engaged in cane farming had increased by a larger percentage than new land brought under cane. Underemployment among male Indians had increased, especially on cane farms. It has been estimated on a conservative basis that in 1966 about a third of the labour employed in cane farming was surplus.¹² And the problem of underemployment in sugar districts was highlighted by the Burns Commission,

Table 8.4

Increase in cane area and in number of Indians
living in rural areas, 1946-66

Year	Acreage under cane		No. of Indians in rural areas ^a	
	Total	% increase on 10 years before	Total	% increase on 10 years before
1946	90,816		100,943	
1956	115,654	27.3	136,826	35.5
1966	160,732	39.0	193,464	41.4
% increase 1946-66		77.0		91.7

Source: Michael Moynagh, 'Land tenure in Fiji's sugar cane districts since the 1920s', *Journal of Pacific History*, 13 (1978), Table 3.

Note: ^aIncludes Indians in the vicinity of towns and not necessarily engaged in agriculture.

Table 8.5

Employment of adult male Indians,^a 1946-66

	<u>1946</u>	<u>1956</u>	<u>1966</u>	<u>% increase 1946-66</u>
No. of male Indians engaged in:				
Cultivating sugar cane as principal crop	9,611	16,883	22,415	133.2
Primary industry (except where cane a principal crop)	10,798	6,082	7,242	
Secondary & tertiary sectors	<u>11,476</u>	<u>15,917</u>	<u>23,310</u>	
	22,274	21,999	30,552	37.3
Unemployed	Comparable figures not available		2,978	

Source: Census reports for 1946, 1956 and 1966, *C.P.* 35/1947; 1/1958; 9/1968.

Note: ^aDefined as those aged over 11 in 1946 Census report, and over 14 in 1956 and 1966 reports. Excluded are those at school, etc.

which in 1960 reported on the natural resources and population trends of Fiji.¹³

The extent of the problem owed much to the limited spread effects of CSR's activities. The repatriation of profits meant that most of the cash surplus from milling was not invested locally in ways which might have created jobs. In the past, too, the company had positively obstructed attempts to diversify cane farming, so perhaps denying Indians an opportunity to grow additional crops which could have absorbed some of the excess labour available. In the 1950s CSR was far less opposed to diversification, rice and dhal being grown by many farmers. But because government left agricultural research relating to cane districts to the company, before 1960 virtually no systematic effort was made to develop a form of mixed farming most suited to the sugar belt; research was concentrated on matters which would yield a direct return to CSR, like increasing the supply and sugar content of cane. The company also tied up land, such as the Yaqara cattle ranch, which might otherwise have been farmed by Indians. In addition, there was the deliberately cautious program of sugar expansion undertaken by CSR in the early 1950s. The company wanted to concentrate on a similar but overall more expensive program in Australia, and to leave room for increased output in Fiji following productivity improvements.¹⁴ The result was that areas suited to cane, notably the Seaqqa region near Labasa, were not developed till much later. They were unable to absorb in the 1950s part of the growing Indian work force.

The lack of employment opportunities for those aged 15 and over encouraged relatives to create jobs for them. They were sometimes paid to help with cultivation, so reducing the need for women and younger children to do the work.¹⁵ There was an increase in the number of farmers' substitutes in harvesting gangs from 55 per cent of the total gang strength in 1950 to 71 per cent in 1959; over a third of the substitutes in 1959 were growers' sons.¹⁶ Despite the labour surplus in cane districts, wages of farm employees rose during the 1950s, as was reflected on the handful of CSR estates where the rates for cutters who harvested twenty to twenty-five tons of cane per acre went up by nearly 300 per cent, from 2s 6½d per ton in 1950 to 7s 0d in 1959.¹⁷ Part of the pressure on wage levels may have come from trade union activity in other sectors of the economy, but part may also have been due to rising

expectations which encouraged growers to share more of their wealth with relatives on the farm. There was also a boom in the number of tractors bought by growers, many of whom wanted to provide business opportunities for under-employed relatives.¹⁸ Beside using a tractor rather than bullocks to plough, say, his father's land, it was hoped a son could earn an income from ploughing other people's farms. But Frazer estimated that at the usual contract rate of £2 an acre, to cover running costs and depreciation each tractor would need to plough at least one hundred acres a year.¹⁹ So in 1959, 72,400 acres would have had to be ploughed if all the tractors in cane areas were at least to break even. With cane land totalling 134,126 acres,²⁰ this was impossible. Since 33 per cent rotations had become common,²¹ little more than a third of the area would have been ploughed that year and a large part of it, lying on hillside for example, would not have been suitable for tractor work. Although tractor owners had the great advantage of being able to plough their farms (or those of relations) when the weather was most favourable and to do the work more thoroughly and under more pleasant conditions than by traditional methods,²² it is hard to see how more than a few owners could have made a profit. The cost of tractor purchases must have been a continuing drain on farm incomes — but one that appealed because it lightened the work of cultivation. Whereas tractors had originally been purchased to provide employment for growers' sons (or relatives), they had now become a means by which farmers could distribute some of the profits from cane in a way that eased the burden of farm labour.

One of the mechanisms, then, for supporting a growing population was for farmers to pay others to do much of the work they had previously done themselves; at the same time, to satisfy rising expectations they increased wages and made work more pleasant by investing in tractors. The result was that growers assumed a distinct managerial/investor role — a tendency which was apparent in the 1940s and which had become of major importance by the late 1950s. No figures are available for 1946, but in 1956, 9,003 people engaged in the cultivation of cane as a principal crop considered themselves to be managers and proprietors: 8,086 were listed in the census as 'other workers'. In 1966 the respective figures had risen to 10,072 and 12,649.²³ 'Other workers' had moved from a minority to a majority of those labouring on cane farms. This threatened the foundation of the smallfarm system which rested on the premise that

profits from cane and the cost of labour should be indivisible — that one should be counted as zero. As CSR readily admitted, the existing price of cane was not enough both to pay separate incomes to labourers and managers and satisfy their rising expectations.²⁴

In addition there were problems connected with land tenure. Population growth and better cane prices led to a rise in land values which was reflected in higher rents. As early as 1954 the NLTB increased the scale it had introduced in 1952 (see Table 8.6) and which had been higher than the rents paid before then. When CSR issued new leases in 1953, the rents of company tenants were also raised so that they would be in line with NLTB rates. But because these rents could not be altered till after the first ten years of the lease, the revision of the NLTB scale in 1954 did not affect CSR's tenants until the early 1960s.²⁵ Nor, till

Table 8.6

NLTB and CSR rent scales

		<u>1952 scale</u>			<u>1954 scale^a</u>		
		£	s	d	£	s	d
Soil classification:							
1st class land	1A superior	2	15	0	5	0	0
	1B 1st class	2	10	0	4	10	0
	1C 1st class	2	5	0	4	0	0
2nd class land	2A 2nd class	2	0	0	3	10	0
	2B 2nd class	1	15	0	3	0	0
	2C 2nd class	1	10	0	2	10	0
3rd class land	3A 3rd class	1	5	0	2	0	0
	3B 3rd class	1	0	0	1	10	0
	3C exceptionally poor		15	0	1	0	0

Source: *Eve Inquiry*, 87.

Note: ^aCSR did not introduce its revised scale till 1955.

these leases expired, did the NLTB scales affect contractors on leases which dated from years back and contained no provision for the regular revision of rent. So more significant were the cases, involving up to 7.5 per cent of cane farmers, where Indian and European landlords charged rents well above those on Crown, CSR or NLTB land. Sometimes over

a third of a grower's income — a lot compared with most other growers — was paid in rent for a farm which could be held on one of several tenurial arrangements.²⁶ The rise in land values also caused an increase in the premiums paid when farms were transferred, which apparently was quite often. CSR tried to prevent transfers but received little effective support from the NLTB. In 1960 it was claimed that premiums of around £2,000 were not uncommon, and since they were usually financed by loans at high interest this represented a significant expense.²⁷

Of wider impact was the failure of the Native Land Trust Ordinance to provide farmers with security of tenure.²⁸ In 1940 it had been hoped that the procedure for demarcating reserves would form a solution to the problem of land tenure. Reserves would guarantee Fijians enough land for their existing and future needs so enabling Indians, it was thought, to lease land outside reserves for an almost unlimited period. The Colonial Office expected that the declaration of reserves would take about two years and that cane lands would not be affected.²⁹ Yet far from not touching sugar districts, when the proclamation of reserves was complete in 1967 the acreage of leases affected in 'Old Tikinas' where cane was grown either in part or throughout was 22,351³⁰ — about 10 per cent of the 220,000 acres, roughly estimated in 1963, used for all types of farming but located within the boundaries of cane areas. In 1963 the NLTB reckoned that the number of growers affected by reserves would be 10 per cent of all cane farmers on Fijian land. Once reserves had been published tenants were expected to vacate their plots as leases expired. They were paid no compensation for improvements but, though they did not have the legal right, they were allowed to remain on the land till they had harvested all growing crops up to and including first ratoon cane — a maximum period of two and a half years.³¹ In 1949 when the first reserves were published, government became concerned about the fate of tenants and established Resettlement Committees to help them find alternative land. These committees operated till the early 1960s and helped a number of farmers. Others already had land or found it on their own accord. Thanks to the expansion of sugar production, most displaced tenants acquired leases on new land coming into the industry, so that resettlement did not present the difficulties originally expected.

Yet, although the actual cane area going into reserves was not large and the number of farmers made

landless was negligible, the demarcation of reserves had an immense adverse effect on Indian opinion. Farmers resented ejection from leases they had occupied for many years. Those with land outside as well as inside reserves received no help in finding new farms to compensate for what they had lost, while those who obtained new land, often on surrounding hillsides, usually found it was less fertile than the rich areas they had left. Moreover, from vantage points on the hills they could often see their former leases being less efficiently tended, and in many cases not cultivated at all, by their new occupants. Due to population pressure on the land, the number of Fijians in the industry increased significantly, from 6.8 per cent of all growers in 1950 to 12.2 per cent in 1959,³² but many of them tended cane for only short periods so that the sight of reserved land going out of use became highly provocative to Indians. More significant was the delay in finalizing reserves; it took twenty-six years instead of the two originally envisaged. This was partly due to the amount of work involved. Recommendations by the Commissioner of Reserves, initially Ratu J.L.V. Sukuna, were based on the population trends of each landowning unit (*mataqali*) over as long a period as possible, the amount of land owned by each unit, and the quality as well as the location of the land owned.³³ Especially with a shortage of staff, collection of this data took considerable time, but by 1959 the Commissioner had completed work on the whole of Viti Levu and part of Vanua Levu. Yet the NLTB had published or proclaimed as reserves only 186,327 acres, against the 1,412,149 which would lie in reserves when demarcation was complete in 1967.³⁴ As leases expired in districts where reserves had not been finalized, farmers were given short-term leases or tenancies-at-will, which could not be replaced by thirty-year leases till it was certain the land would lie outside reserves. Consequently, not only were displaced farmers and their relatives affected by reserves: involved were all occupants of native land, whether CSR or NLTB tenants, whose leases had expired or were about to. The result was a widespread feeling of insecurity which discouraged long-term investment in the land and produced a desire for higher returns from cane as compensation for the risk that leases might not be renewed.

During the 1950s, then, the admission of new farmers to the industry, population growth and insecurity of tenure led to demands for a continuing increase in farm incomes. Unfortunately, the lack of appropriate statistical data adds

to the difficulty of knowing whether returns from cane rose enough to meet these demands. Still, on the information available it is plain that from 1950 to 1953 there was a very substantial improvement in the standard of living of growers, and that this was in fact the economic heyday of Indians in Fiji. Never again would average real farm incomes rise by 79 per cent over a four-year period. This was quite sufficient to absorb any rise in farm costs and any population growth that was likely to have occurred at that time. It was also enough to allow farmers to meet many of their higher expectations — indeed, it produced higher expectations. Yet, as Table 8.3 showed, average real farm incomes over the next five years were below, sometimes considerably below, the peak they had reached in 1953. Moreover, the very high incomes obtained in that year led not only to the repayment of existing debts, but to the accumulation of even larger new ones as growers sought to maximize their expenditure. CSR noticed that indebtedness rose after the exceptionally good season of 1953,³⁵ and this was hardly surprising since the greater prosperity of farmers increased their apparent credit-worthiness. The burden of debt must have caused problems when real incomes fell. Growers had relatively high levels of debt but smaller real incomes from which to service it. Then in 1957 and 1958 there was a severe credit squeeze which hurt the many farmers who depended on credit.³⁶ Perhaps it was no accident that at this time the Kisan Sangh revived its idea of a co-operative store, though the venture made little headway.³⁷ Lower real incomes plus the burden of debt would have made it very difficult for the average grower to enjoy the standard of living he had experienced in 1953. Yet the population continued to rise and other problems like insecurity of land tenure remained. Further, to talk of the average farmer is misleading. Growers who delivered by lorry, or occupied marginal land, or had particularly small farms, or leased from Indian landlords at high rents, or held Fijian land which might be reserved, were likely to be in a worse position than, say, well established tenants on CSR freeholds.³⁸ Thus in the mid-1950s even if some farmers had grounds to be satisfied — and there were probably only a relatively few in that position — a large number must have had considerable difficulty in meeting the various demands placed on their resources and in satisfying the higher expectations caused by the big rise in farm incomes earlier in the decade.

Against this background it was no wonder that there was mounting resentment against CSR, reflected in the

suggestion that mills be taken over by an Indian firm.³⁹ Since the company was foreign owned and thought to repatriate the bulk of its profits, it was natural that the discontent of growers should focus on CSR. Nor was it surprising that when in 1959 the company suggested measures to reduce the contract price of cane, and to control farm output so as to prevent exports exceeding Fiji's quota under the recently negotiated International Sugar Agreement, the proposals should meet with strong opposition from farmers.⁴⁰ During 1959 growers benefited from a sharp rise in farm incomes due to a bumper harvest of 2,353,080 tons of cane, the highest on record.⁴¹ If production were curtailed and the price of cane not increased, there would be no repeat of the large income achieved that year. Yet without earnings of at least that level, growers could hardly hope to realize their material expectations, meet the costs of lorry transport, hired labour and rent increases, as well as receive compensation for insecurity of tenure. Many, therefore, were in no mood to compromise with CSR when negotiations for a new contract began.

CSR's response

During these talks CSR felt unable to offer major concessions as it had in 1949-50. Consistent with the general movement of wage levels in the colony, which had been largely due to the unionization of mill workers and the desire of CSR and government to avoid a major conflict with their employees, there had been a big rise in labour costs which, the company claimed, had squeezed its profits. The average cost of a non-salaried mill worker had gone up from 8s 8d a day in 1950 to 19s 7d in 1959, an increase of about 126 per cent.⁴² Wages had risen particularly sharply in 1959, following the Honeyman inquiry into a dispute between CSR and the Fiji Sugar Industry Employees Association, the mill workers' union.⁴³ The company feared that the recommendations of the inquiry might set the pattern for further wage increases in future, especially since widespread industrial unrest in Fiji during 1959 seemed to herald a new period of union militancy.⁴⁴ The labour-intensive nature of its operations made CSR particularly vulnerable to the effects of a large rise in wage levels. It employed four times as many people per unit of output in its Fiji mills as it did in its Queensland mills.⁴⁵

The company's ability to absorb these higher costs was limited by marketing arrangements for sugar. Uncertainties about the future of the International Sugar Agreement encouraged CSR not to exceed Fiji's quota under the Commonwealth agreement. It was expected that the latter's overall agreement quotas would form the basis for restrictions under a re-negotiated ISA, and in fact when an agreement was signed in 1959 the quota for total Commonwealth exports was only 125,000 long tons above the 2,500,000 tons overall agreement quota. Fiji's exports under the ISA were limited to about 179,000 long tons in 1959, and about 184,000 in 1960 and 1961.⁴⁶ The ISA was needed because of the depressive effect on the international 'free' price of world over-production, which in part was due to protection in north America of cane and in Europe of domestic beet industries which were unable to compete on open market terms with producers in many less developed areas; also protected under special marketing arrangements were commercial interests engaged in uncompetitive sugar milling in the third world but with political influence in Washington and London. The Fiji industry was probably more efficient than a number of Britain's colonial suppliers.⁴⁷ With over 15,000 additional acres in 1959 suitable for cane near the Labasa, Rarawai, Lautoka and Penang mills,⁴⁸ it is possible that had less efficient producers not been protected, Fiji's competitive advantage would have allowed CSR to increase output more than it did in the 1950s, and so reduce unit costs.

At least to some extent, however, the inability to do this was offset by the Commonwealth Sugar Agreement, under which Fiji sold 125,000 long tons a year of negotiated price sugar at a price which covered the costs of less efficient producers in the West Indies.⁴⁹ Yet the benefits of this were limited because pricing arrangements under the CSA were designed mainly with British interests in mind. Though there had been altruistic concern in the Colonial Office about the low incomes of labourers and growers in the colonial sugar industries, the continuation of the imperial preference and the introduction of the negotiated price had almost certainly been agreed to by the Treasury largely to prevent a fall in real incomes leading to social unrest in the sugar islands. The cost to the consumer of the CSA was expected to be less than the cost to the taxpayer of maintaining order in the face of widespread economic distress. The negotiated price was fixed with this political objective in view, but also at a level that would minimize its expense to the consumer — a consideration which served as a break on increases in the price; nevertheless, it rose from

£32 17s 6d a long ton in 1951 to £55 8s 10d in 1960. Not all sugar could be sold at the negotiated price, however — indeed, Canada refused to buy any on these terms — because it was expected that in the long run the price would be substantially higher than the world 'free' price. The consumer would then suffer. Consequently, under the CSA, Commonwealth exporters to Britain and Canada were to sell some of their sugar — 45,000 tons in the case of Fiji — at the 'free' price plus the pre-war imperial preference. But as a result of increased world output the 'free' price fell from about £49 12s 0d in 1951 to about £28 10s 0d in 1960, so negating part of the gains from the higher negotiated price and helping to prevent the average annual price of Fiji's exports rising at a rate commensurate with wage increases in the sugar industry. Against the 126 per cent rise in wages, the price of the colony's sugar exports went up by only 22.7 per cent, from about £32 4s 0d a ton in 1950 to about £39 10s 0d in 1959.⁵⁰ Clearly the international market for sugar, which was arranged largely to serve the interests of industrial nations, made it harder for CSR to absorb the rise in mill labour costs.

Yet there were a number of things the company could, and did, do to meet the situation. One was to reduce the cost of expatriate staff, who received the much higher Australian wages than those paid to non-Europeans in Fiji. In the early 1950s CSR began to replace some of its technical staff in the mills with part-Europeans, and at the end of the decade it started to train Indians and Fijians who were even less expensive.⁵¹ To reduce the size of its Australian field staff, in the late 1950s the number of farms for which each officer was responsible was increased from between 100 and 200 to between 400 and 600. Field officers were to be assisted by Indian and Fijian extension workers, initially responsible to the Agricultural Experimental Station in Lautoka. The mobility of field personnel was enhanced by the substitution of motor transport for horses, though this had the unexpected effect of reducing contact between growers and officers while the latter were travelling.⁵² Apart from localization of staff, most of whose effects were not felt till the 1960s, CSR sought to limit cost increases by rationalizing its operations in the colony. It began to get rid of its non-sugar interests. The unprofitable pineapple cannery near Nadi was closed in 1956.⁵³ Butcheries at the mills, which had supplied meat to the company's staff, were gradually sold off.

More important was the decision to close Nausori after the 1959 season, and to concentrate production on the other more profitable mills. Table 8.7 shows the losses made at Nausori from 1940 to 1958. Profits had always been comparatively small because too much rain and not enough light affected ripening, so that the sugar content of cane was low. But since the early 1940s there had been another problem: the supply of cane had dropped. From 1930 to 1939 the annual average quantity of cane crushed had been 132,290 tons; from 1940 to 1949 this fell to 91,689 tons and from 1950 to 1956, after which it was decided to close the mill, the average was down to as low as 83,924 tons.⁵⁴ Many of the company's staff blamed this on off-farm employment in

Table 8.7

Results of activities^a at Nausori mill, 1940-58^b

Season	Profit or loss	Season	Profit or loss	Season	Profit or loss
	£		£		£
1940	5,743	1947	55,667	1954	-15,585
1941	7,517	1948	5,922	1955	-75,230
1942	22,334	1949	-10,837	1956	-113,858
1943	-27,563	1950	-76,062	1957	-101,246
1944	-17,004	1951	-25,369	1958	-20,377
1945	-10,797	1952	-85,799 ^c		
1946	26,249	1953	-73,681	Total	-529,976

Sources: Tables in CSR F 1.0/3/24; F 1.0/3/26; F 2.0/4/19.

Notes: ^aIncludes non-sugar activities and molasses.

^bComparable figures for 1959 not available. For the remaining years, no allowance made for changes in the general price level.

^cAnticipated rather than actual loss.

Suva and the Nausori township, which caused farms to be neglected. It is still frequently said in Fiji that this was an important reason for the mill's closure. Yet a survey done by CSR in 1956 showed that of the 1,800 growers on the Rewa, only 300 had other employment and 230 of these had made satisfactory arrangements for the cultivation of their farms. Only about 4 per cent of growers were neglecting their land. CSR concluded that two factors were mainly responsible for the fall in production. One was that

drainage had deteriorated since the early 1940s, largely because growers had refused to co-operate with the company in keeping drains clean. In 1946 the Rewa unions had insisted on doing the work themselves, but had then neglected it presumably because, given inter-union rivalry, they were unwilling to levy members for the cost — a situation which pointed to the need for a single statutory association to look after the interests of farmers in such matters. The other reason was that to obtain cane with a high sugar content, CSR had encouraged the cultivation of Galba and Argus varieties in soils which should have grown Malabar. As the general manager, Dr Vernon, remarked in 1956, 'This has been to our interest under the present cane agreement but there is little doubt that it has had the effect of worsening the already depressed yields stemming from poor drainage' — an excellent example of how conflict of interest in the industry could work to the disadvantage of growers.⁵⁵

It was out of the question for CSR to continue sustaining losses at Nausori when it knew that, because little had been recently spent on improvements compared with the other mills, substantial new investment was needed by 1960. It seemed most unlikely there would be a return from the required expenditure of up to £400,000, including £250,000 for a new boiler.⁵⁶ Yet without this investment the mill could hardly be operated at all. There were various possibilities. The company could increase the cane supply by itself repairing the drains, but this might set a precedent for the other mills and CSR was not prepared to be saddled with the expense of maintaining drains in all the cane districts. Or it could reduce the price of cane on the Rewa, but this would invite opposition from the growers.⁵⁷ Instead, CSR decided to dismantle Nausori and transfer usable machinery to its other mills. Steps were taken to increase production elsewhere in Fiji in order to reduce the unit costs of milling. The company was particularly anxious that this expansion occur before Nausori was closed, lest part of Fiji's export quota under the CSA remain unfilled and growers demand that to meet the deficit they be allowed to run Nausori as a co-operative. This would have deprived CSR of the opportunity to increase output at its other mills, and might have encouraged demands that the latter also be made into co-operatives. Fear of this was one reason for the company's determination to find another crop for farmers after it had withdrawn from the Rewa. If they had an alternative source of income growers would be less likely to want Nausori kept open.⁵⁸ So a wholly owned

subsidiary of CSR, the Rewa Rice Co., was established to provide milling facilities for growers who switched from cane to padi. It was planned that after taxation and an allowance for depreciation, this new company would make an 8 per cent return on investment. To ensure this CSR insisted that competition be limited by raising duties on imported rice, and government, which feared social unrest in the district if the rice scheme failed, readily agreed.⁵⁹ Thus apart from reducing incomes on the Rewa because rice was less profitable than cane, closure of Nausori entailed a cost to the rest of the Indian community which had to pay more for rice. Those who gained were Indians able to enter the sugar industry following expansion on the west of Viti Levu and of Vanua Levu, while the main beneficiary — of course — was CSR.

In the company's view these attempts to reduce costs were not enough to ensure adequate profits, though what return CSR would have regarded as satisfactory is hard to say. The company wanted to negotiate a more favourable cane contract when the existing one expired, but it knew that this might lead to a dispute with growers. As early as 1956 head office had become apprehensive about the possibility of a farmers' strike. To make its profits as a percentage return on investment appear less, in 1957 the company revalued its Fiji assets — but not those in Australia — from £5,895,521 to £13,030,370. The Chief Manager was told:

For your information, our main reason for acquiring this valuation is the ever-present possibility that some situation could arise in Fiji which would lead to an investigation, or some form of arbitration, in which it could be necessary to produce information regarding our assets, profits and relevant information. An up-to-date valuation would also be a considerable advantage to us in future negotiations in connection with the Commonwealth Sugar Agreement.⁶⁰

Interestingly, the company had revalued its Fiji but not Australian assets in 1949, when negotiations for the 1950-59 contract were about to begin.⁶¹ CSR also tried to appease growers by adopting a lower profile in the colony, this being one of the objects of its staff localization policy. In 1959 harvesting gangs were allowed to determine for themselves the order of cutting, instead of this being left to the field staff, and in keeping with the company's new approach one of the effects of reducing the ratio of field

officers to farmers was that the use of credit to control growers declined. Having less contact with each farmer, officers found it harder to relate advances to the quality of husbandry.⁶² To meet criticism, echoed in the Honeyman report, of Sydney's remote control over the company's Fiji activities, in 1959-60 CSR considered forming a wholly owned subsidiary to run its milling operations in the colony.⁶³ But no final decision was taken until 1961. Meanwhile, CSR began to reduce the extent of its landholdings in Fiji. It refused to renew a handful of NLTB leases which expired in the late 1950s, and in 1959 it offered to sell its freeholds to the Crown — an offer that was refused. It was thought that the refusal might have been due to a reluctance in the Colonial Office to finance what was imagined to be the start of the company's withdrawal from the colony.⁶⁴ Yet if this was so, it was based on a complete misreading of the situation. There is no evidence that at this date CSR was planning to leave. Rather, the company was trying to strengthen its position by rationalizing its activities and making its presence less provocative.

While embarking on this strategy, in February 1959 CSR informed growers of its proposed changes to the cane contract. First, given recent expansion of the industry and the renegotiation of the ISA, the company wanted farmers to bear the risk of over-production. The need for restriction became a matter of urgency during the year. Output should have been limited to 217,000 tons of raw sugar, which would have been made up of 179,000 tons for export under the ISA, 15,000 for sale within Fiji and to other Pacific Islands, and 23,000 to bring its maximum stock tonnage under the ISA to 37,000 tons (there were 14,000 tons left from the 1958 season). Yet because of exceptionally good weather, 283,000 tons of raw sugar were produced, making severe restriction necessary the following year. CSR favoured control by means of a tonnage quota on each farm, since responsibility would then lie with the individual grower to produce no more than the agreed amount. The alternative was to impose quotas on an acreage basis, the company buying all cane grown on a specified area. But this would mean that if yields were unusually high CSR would have to buy more cane than it needed, whereas if yields were low there might be a shortfall. The company's other proposals were designed to boost profits from milling. Higher penalties were suggested for burnt and inferior cane in order to raise the average sugar content and lower costs. Certain expenses, like that of storage, were to be deducted from the proceeds of sugar

sales before the latter were used to calculate the price of cane. The company requested, too, a reduction in the growers' share of proceeds when the price of sugar was high. It claimed that in 1950 no one had expected raw sugar prices to reach the levels they were now at, and that the existing contract was unduly favourable to farmers at high prices.⁶⁵ Needless to say, these suggestions were not likely to please the growers.

The strike and its aftermath

After CSR had presented growers with its proposed contract, negotiations were postponed till elections for the Legislative Council were over, so avoiding the possibility that Indian politicians would compete for votes by making steadily more extreme counter-demands. Once the elections were finished the Federation of Cane Growers, which included representatives of all the farmers' unions, prepared a draft contract of its own which was submitted to CSR later in the year. Its terms were very different from those suggested by the company. Against the average 62.6 per cent of proceeds obtained from 1950 to 1959 (see Table 8.2), growers demanded 70 per cent of the sugar proceeds without any prior deductions for storage and the like. They opposed increases in penalties for burnt or inferior cane, and demanded the right to select their own varieties (so they could grow heavier rather than sweet cane). They reluctantly acknowledged the need for production control, but claimed that CSR had a moral obligation to buy all the cane harvested in 1960 since in 1957 and 1958 it had urged farmers to increase the area planted. After 1960 they wanted restrictions to be on an acreage and not a tonnage basis, so placing the ultimate responsibility for control on CSR.⁶⁶ Negotiations between the company and growers were protracted, and when by March 1960 it had become clear that no breakthrough was likely, CSR collaborated with government to obtain a resolution of the dispute on terms acceptable to the company. On 11 April 1960 CSR's head office remarked: 'It is gratifying that our views on the situation and method of handling it seem to be finding acceptance by Government.'⁶⁷

Following discussions in Sydney between Sir Kenneth Maddocks (governor, 1958-64) and the company, in late May government intervened in the dispute. At the suggestion of CSR,⁶⁸ Maddocks proposed that there be a wide-ranging economic inquiry into the industry, but this was rejected

by growers on the grounds that a commission would be unable to get at the facts. A month later the governor suggested a compromise: that CSR buy the 1960 crop up to the quota level at a price based on scales in the 1950-59 contract, and that negotiations for the 1961 harvest start immediately. If within a reasonable time no agreement had been reached, government would 'take such steps as it may then consider necessary'. This was accepted by the company, but growers wanted certain points clarified — especially whether quotas for 1960 were to be on an area or tonnage basis. On 24 July the Kisan Sangh and representatives of the Fijian farmers, who were assisted by J.N. Falvey, reached a separate agreement with CSR. Enough cane was to be harvested in 1960 to make 199,000 tons of raw sugar, and cane left standing was to be added to the tonnage quota for 1961. Under a compromise arrangement for determining quotas, half the area of standing cane would be cut on the first round, whereas the second would be based on tonnage. Mills would close on 22 January 1961. Other unions in the Federation, led by A.D. Patel and S.M. Koya (later to be leader of the Opposition in independent Fiji), opposed the agreement. They wanted the second round based on acreage, and the mills to keep crushing till an equal proportion of every farmer's cane had been cut. Growers were urged not to harvest before these demands had been met.⁶⁹

It has been alleged that as a prominent Gujarati, Patel was eager to provoke a strike in order to increase farmers' indebtedness to Gujarati storekeepers, so enhancing the latter's economic and political influence by enabling them to further bind customers through debt. But since the real interest of storekeepers lay in the continuation of trade, which would be disrupted by a strike, this seems a perverse explanation of Patel's motives. Alternatively, it has been suggested that Patel adopted a more extreme stand than the Kisan Sangh because on past experience this could be expected to win popular support and thereby aid his political career. It is, indeed, hard to believe that the desire to avoid accusations of betraying growers' interests was not a consideration. Yet it must also be noted that differences between Ayodhya Prasad and Patel after 24 July were consistent with the traditions of the unions they led. Except briefly around 1950, the Kisan Sangh has always tended to be more moderate than the Maha Sangh and its allies. Prasad believed not only that farmers could best be served by co-operating with CSR, but that their interests were as much threatened by storekeepers and money-lenders as by the

company. According to CSR, although they represented only about 12 per cent of all growers, the moderate stance of the Fijian associations in July further increased the willingness of Prasad to compromise.⁷⁰ In contrast was the Patel group which, perhaps recalling the experience of the Kisan Sangh from 1937 to 1942, believed that through direct action more concessions could be extracted from the company. It would be interesting to know whether these conflicting outlooks reflected socio-economic differences between the farmers to whom each union appealed.⁷¹

With the failure of subsequent attempts to bring about a reconciliation between growers' leaders, supporters of Patel went on strike. Yet their action achieved nothing. After a meeting with the Under-Secretary of State for the Colonies, Julian Amery, who was in Fiji as part of a world tour, on 15 October Patel and Koya advised growers to harvest the 1960 crop under protest, but to plough in ratoons and harvest no more cane till a long-term agreement with CSR had been reached. Harvesting thereafter continued as normal, though the advice to plough in ratoons was largely ignored. No concessions had been won on the tonnage question nor on the final date of harvesting.⁷² Why, then, had the strike failed? The reason was that CSR was in an exceptionally strong position to withstand a stoppage. The previous year's harvest meant that at the end of the 1959 season the company had accumulated stocks of 89,000 tons of raw sugar, 52,000 more than was permitted under the ISA. CSR had planned to ask for special permission from the International Sugar Council to reduce stocks gradually over a number of years,⁷³ but the strike provided an opportunity to do this at once. Of course, if a large number of growers was involved and the dispute lasted all season, the company would make a loss because existing stocks were not enough to meet the whole of Fiji's export quota. Yet CSR was prepared to accept this to avoid conceding Patel's demand for tonnage quotas in 1960, which by setting a precedent might force the company some time in the future, if not in 1960, to buy more cane than it could mill. CSR also knew that it had the support of government, which on 9 August called out the territorial army to maintain order. In a brief for Amery, officials claimed that security forces had limited the burning of non-strikers' farms and that 'those few acts which have occurred have done very little damage'. Though government denied it, farmers saw the troops as evidence of official backing for the company. Moreover, the Great Council of Chiefs urged government to do all it

could to start the mills crushing, and offered Fijian help to maintain law and order if necessary. With these interests arrayed against them and the Kisan Sangh and Fijian growers eager to harvest cane, it seemed to farmers that the strike was bound to fail and that its only effect would be to reduce earnings from the 1960 crop. Consequently, although Patel's extreme stand was widely respected (in 1963 he won a seat in the Legislative Council), the position of the moderates was strengthened by the considerable number of growers who began to harvest their cane. On 11 August the Labasa mill opened, by 9 September the other three mills had started to crush, and by mid-October it was clear that most growers were beginning to harvest.⁷⁴ Amery's visit, which the Patel faction wrongly claimed was designed to settle the dispute, provided an opportunity to call off the strike with a minimum loss of face. So it was that once again, as in 1921 and 1943, the strong position of CSR supported in effect by government and the Fijian chiefs, contrasted with the disunity of farmers. And once again, a strike by Indian cane growers was defeated.

The dispute was followed by the appointment of an inquiry to report on the organization of the industry, and to recommend how relations between all those engaged in it could be improved and how proceeds could be distributed in a fair and equitable way. When the need for a commission had been first discussed with government in early 1960, CSR had urged that the inquiry be headed by an economist who would be qualified to estimate future costs and profits rather than an accountant who by training could judge only past results. The company suggested Professor E.H. Phelps Brown and J.R. Hicks, academics of high repute who were thought likely to be sympathetic to its case.⁷⁵ It seems that CSR's proposals were welcomed by the Fiji government, but that the Colonial Office was embarrassed by the forwardness of the company in suggesting names.⁷⁶ Officials wanted an inquiry which would not greatly damage CSR's interests, but which would have the appearance of fairness — which might even decide against the company on matters of relative detail, like the value of molasses credited to the proceeds of sugar and the appointment of a sugar board. A change in the ownership of the mills, on co-operative lines as suggested by the Patel group or through nationalization, was out of the question because of the cost of reimbursing CSR⁷⁷ and also, one suspects, because government found it convenient to keep the company as a buffer between the Indians and itself. In March 1961 one of CSR's senior officers, J.M.

Dixon, had a discussion with Maddocks during which this very point was made. They discussed the company's desire to stay in Fiji and, in Dixon's words,

what the balance of power position would be if we had to withdraw ... including threat of communism, Indian domination, little Cubas and Congos etc. I said we were a power block that many people had an interest in sustaining, and we did not mind absorbing some of the shocks that would come from both sides in such a situation, but there were limits to what we could sustain, and we needed help and support.⁷⁸

Basically, government needed a commission whose report would enable CSR to continue in the colony, but which by having the appearance of impartiality would be accepted by the growers. The appointment of someone suggested by the company might defeat the second of the two aims.

The Colonial Office asked Sir Malcolm Trustam Eve, later Lord Silsoe, to head the inquiry. It is hard to imagine a person more representative of the English 'establishment' than Eve. He was a Queen's Counsel, the First Church Estates Commissioner of the Church of England, a member of the Prime Minister's Committee on the administration of Crown lands, 1955, the Independent Chairman of the Cement Makers' Federation, a director of the Yorkshire Insurance Co. Ltd, and so on.⁷⁹ Soon after his arrival in Fiji, Eve was 'at pains' to tell CSR that just before coming to the colony he had had to defend the Cement Makers' Federation, which was a monopoly, before the Monopolies Commission, and that the Federation had revalued its assets just before proceedings started.⁸⁰ Significantly, the revaluation of its assets by CSR, which also was a monopoly, and the effect of this on apparent profitability were expected to be a major issue during the forthcoming inquiry in Fiji. Further, Eve gave CSR to understand that the company itself was not on trial — a point with which most growers would have disagreed — and that his task was simply to 'remove the bees from the bonnets'. The inquiry was to be a public relations exercise designed to improve relations between the growers and CSR.⁸¹ Apart from J.S. Wheatley from the Colonial Office, Eve was assisted by an accountant, J.M. Bennett, who was a partner in the London firm of Barton, Mayhew and Co. When Bennett's appointment was made, it was not realized in the Colonial Office that he was also a partner in the Australian offshoot of Barton, Mayhew and Co., and that

among his other partners in that firm were some of the partners in Hungerford, Spooner and Kirkhope which was advising CSR on material to be presented to the Eve Commission. As soon as this was discovered there was great consternation in the Colonial Office, as also in the companies concerned,⁸² but by then it was too late to revoke the appointment. In fact, Bennett's professional association with CSR was so indirect that it seems not to have affected his attitude to the evidence presented by the company. But had the association become public knowledge, it would have undermined official arguments that the commission was impartial, and so a special effort was made in Fiji to keep the information secret. One can imagine the reaction of Indians to the inquiry had these efforts failed. Like Eve, Bennett saw the commission's role as one of reconciling growers to CSR by persuading the company to grant those demands which would not greatly reduce its profits. He 'nodded vigorously' when told privately by Dixon that whatever happened the result of the inquiry must not be to let Patel 'come out on top'⁸³ — though this was the eventual result. However impartial they tried to be, then, the natural inclination of Eve and Bennett would be to favour CSR. And this they did.

The Eve report⁸⁴

The commission proposed ways of consolidating the smallfarm system, hoping that this would benefit farmers but also realizing, no doubt, that by reducing discontent among growers this would reinforce CSR's position in the colony. It recommended that smaller holdings should be gradually reorganized into farms of ten to twelve acres, while the amalgamation of ten to twelve acre units should be stopped by preventing a grower from cultivating cane on more than one farm. Stabilizing the size of holdings should enable them to serve their original purpose of supporting a grower and his family. It was not for the sugar industry to solve the difficulties caused by population pressure, though there was room for a diversification of crops in cane districts which might help. As the commission noted, 'There is little mixed farming and every expert says there should be more.' It was suggested that sugar lands be planned, graded and licensed by government to remove least fertile areas from the industry. This would reduce demands from those on marginal land for an increase in the price of cane. Then there was the question of land tenure. The commission

recommended that if CSR decided to sell its freeholds, they should not be sold to the occupants lest growers pledge their farms as security against debt. Land would be accumulated by creditors, who would be likely to sub-let to farmers on highly unfavourable terms. The need for security of tenure was emphasized. Instead of leases being for fixed terms which must eventually end, the English system of annual tenancies was commended since it gave strong statutory protection for rent and tenure to the normally good farmer throughout his life.

This last recommendation was rejected by government because Fijians would have opposed any arrangement which did not give them an automatic right to resume land after a fixed period, while annual leases would not have met Indian demands for security of tenure. So also, after some discussion, the idea of planning, grading and licensing cane lands was rejected, presumably because this would have threatened the livelihoods of growers on marginal soil.⁸⁵ Enough insecurity had been caused among Indians by the system of land tenure: the last thing anyone wanted was for this to be increased as a result of the program suggested by Eve. The plan to stabilize the size of holdings was partly implemented. Up to 1973 new entrants were admitted to the industry only if they had cane growing contracts of between ten and fifteen acres; control was subsequently relaxed to encourage an increase in cane production.⁸⁶ CSR also began to experiment with crops that might be grown with cane, hoping that this would make control over cane production more acceptable to farmers. Land made idle because of output restrictions might be able to support another crop. Yet the urgency with which CSR tackled the question declined after it became clear in the early 1960s, when ISA quotas were suspended, that restrictions were no longer needed.⁸⁷

There were more direct benefits to the company from other recommendations. The commission strongly advised against the introduction of co-operative mills. It endorsed the idea being considered by CSR of transferring the company's Fiji activities from the sugar division in Sydney to a wholly owned subsidiary based in Suva or Lautoka. It suggested that eventually shares in the new company should be sold to Fiji residents, but not on a scale that would remove ultimate control from CSR. Following the commission's report, in 1962 the South Pacific Sugar Mills Ltd (SPSM) was formed with responsibility for all CSR's assets in Fiji except land. An attempt during the mid-1960s to sell shares in SPSM was not

a success because demand was small.⁸⁸ Prospective buyers expected shares to yield $7\frac{1}{2}$ per cent, which was considerably less than could be earned by lending money to members of the Indian community, though of course risks were very different. The commission also recommended that the millers' power to prevent the delivery of burnt, stale or dirty cane be increased. Delivery of cane burnt without permission, or stale or dirty, was to be a breach of contract, punishable by loss of contract. There was to be a price reduction for burnt cane delivered two to seven days after harvesting, all burnt cane thereafter being rejected. As in the past, power would lie with the millers to determine what cane was fit for crushing. Despite opposition from growers, these recommendations were incorporated in the 1961-70 contract.

The position of CSR was further strengthened by the commission's support of production control on a tonnage rather than acreage basis. It felt that tonnage quotas would be easier to enforce, noted that this was the practice of other sugar producers and pointed out that 'while growers are divided in their views both the millers and the mill workers strongly favour a tonnage system'; during the inquiry's public hearings in Fiji the Kisan Sangh and the Fijian growers had reluctantly agreed to tonnage quotas, while the Federation of Cane Growers had continued to argue for an acreage system. The commission proposed a national basic allotment of cane for the whole colony of 1,532,300 tons, to be divided among farmers according to past performance. This would give each grower his farm basic allotment. On or before 1 April each year the millers were to announce the national harvest quota of cane for the coming season, this being represented as a percentage of the national basic allotment. The announcement was to be approved by a Sugar Board created for the purpose and composed of an Independent Chairman, Independent Vice-Chairman and Independent Accountant. After the announcement the national harvest quota was to be divided among growers according to their farm basic allotments. So if the national harvest quota was $25\frac{1}{2}$ per cent above the national basic allotment, as it was in 1961 under provisional arrangements agreed for that year, each farmer would be allowed to produce $25\frac{1}{2}$ per cent more cane than his farm basic allotment. Later in the year, say during harvesting when the size of the crop could be predicted more accurately, the national harvest quota could be varied so long as the Sugar Board gave consent; but the commission strongly advised against reducing the quota unless there were very exceptional circumstances. This

rather complicated procedure was designed to reconcile growers to a tonnage basis of control — the Sugar Board would be an independent check on the millers — and so help Fiji not to exceed her export quotas. But in 1961 the ISA quotas were lifted because of a world sugar shortage due to a fall in Cuba's production, with the result that the machinery devised by Eve was no longer required. Yet national harvest quotas each year have continued to be declared, largely so that if production controls are again needed a well tried system will exist to enforce them.

The commission also suggested ways to settle general disputes between the millers and the growers. In particular it recommended the appointment of a Sugar Advisory Council composed of the three members of the Sugar Board, two representatives of government, three representatives of the mill workers and five representatives each of the millers and the growers; farmers' representatives were to be elected by the gang sirdars. As a forum for discussion with power to advise — either government or the industry — on any matter of importance, the Council was reminiscent of the sugar board proposed by Shephard in 1944. Though it still opposed a board of this kind, CSR's attitude had softened by the early 1960s⁸⁹ since it recognized that continued strong resistance to such a body would only alienate the growers and government. The commission tried to accommodate the company's views. It rejected suggestions by the Patel group and the mill workers' union that a sugar board have power to impose a solution if no voluntary agreement to a dispute could be reached.⁹⁰ By going for an advisory council instead, the commission ensured that if, from CSR's view, the worst came to the worst the company would not be bound by the council's decisions. The Sugar Advisory Council was set up in 1961. It has met regularly ever since, and though there have been disagreements, apart from one meeting⁹¹ discussions have been of a remarkably cordial nature. It has done much to improve relations in the industry. Coupled with other provisions in the Eve report for the settlement of disputes, this was one reason why disagreement over the terms of a new contract in 1969 did not lead to another strike. The interests of CSR were well served by the reduction of tension. There was less chance of production being disrupted by friction between the millers and the growers, though differences have continued to exist.

The most important question before the commission was how to divide proceeds from the sale of raw sugar — an issue

which has always been controversial. The commission was anxious to obtain, as far as it could, an accurate estimate of CSR's profits in Fiji. It knew that CSR, as any company, would try to minimize its returns so as to strengthen its case for a larger share of the proceeds. Yet the commission wanted to award growers the highest possible cane price consistent with reasonable profits for CSR. This would help reduce conflict in the industry and be to the long-term advantage of the company. The difficulty was to discover what profits CSR had made and whether they were reasonable. Growers alleged that the company had been making hidden profits in Fiji, notably from transfer pricing arrangements over the sale of molasses. Molasses was sold to CSR's Australian distilleries for conversion to industrial alcohol. By selling to itself the company could arrange the transfer at a price below that on the open market, so reducing the sum which had to be added to the proceeds of sugar sales for division with the growers. It was claimed that the value of West Indian molasses exports in 1959 were £F7 10s 0d a ton, whereas the amount credited to Fiji under the 1950-59 contract had been only 22s 6d.⁹² While not doubting that CSR had acted in accord with the old contract, the commission recommended that the price of molasses be raised to £2 10s 0d a ton, as offered by the company during the inquiry; but this was only half of what the farmers had demanded. Another question was the amount charged by CSR for depreciation. The company's practice was to charge 4 per cent on the original cost of fixed assets to cover both depreciation and a contribution to the cost of replacement. The argument centred on whether this was an excessive amount. Since it was treated as a cost, by maximizing the charge for depreciation and replacement CSR could reduce its apparent profits. After persistent questioning in Sydney and some argument with the company, the commission decided that only 3 per cent should be charged to depreciation and the provision for replacement should be made after and not before arriving at profits. This was standard practice in the United Kingdom and best practice in Australia. During the inquiry CSR had been privately urged by its consultants, Hungerford, Spooner and Kirkhope, to adopt this course, and in Fiji it did so.⁹³

The matter of depreciation was connected with the revaluation in 1957 of the company's fixed assets in Fiji, which growers rightly believed was designed to reduce its percentage returns on investment. During the public hearings, one of the colony's leading accountants who was later

to be the industry's Independent Accountant, R.S. Kay, appeared on behalf of the Kisan Sangh to argue against the revaluation. He pointed out that whereas three-fifths of all the raw sugar produced by CSR came from its Australian mills, since 1957 these mills had represented only two-fifths of the capital tied up in the production of raws. If the Fiji mills had not been revalued, in 1959 they would have been worth about one-sixth of the company's total assets and they would have contributed just over one-sixth to the company's total profits. On figures presented to the commission, Kay estimated that if CSR had paid £5 a ton for molasses as the Kisan Sangh demanded in future it should, in 1959 the company could have afforded to pay 64 per cent of the sugar proceeds to growers and charge to depreciation and replacement £560,000, the annual amount CSR thought would be necessary to cover replacement expenditure of £5,600,000 over the next ten years. Enough would have remained for CSR to make a profit before tax of about 9 per cent on capital, assuming its assets had not been revalued. This was being generous to the company, since Kay felt that £560,000 a year for depreciation and replacement was too high.⁹⁴ The argument was rejected by the commission, which accepted the principle of the revaluation, though it seems that Eve had some doubt as to the reliability of the new values. He appears to have thought they were a good guide to replacement values, but that were probably 'much too high' for depreciated present values. In other words, the figures showed what it would cost to replace the assets, but not what the assets were worth at current values after allowing for wear and tear. Yet as CSR's consultants privately admitted, it would have been extraordinarily difficult for Eve to reject the valuation on these grounds because he would then have been setting himself up as a better expert than the Brisbane firm, A.E. Axon and Associates, which had done the work.⁹⁵ Eve was not prepared to do this; nor did he have time to call for another valuation.

On the basis of the revaluation, the commission judged that the 1950-59 price formula gave CSR an unacceptably low return on investment. The company should be given a larger share of the proceeds. This conclusion was reached without making an independent survey of growers' costs. The commission had neither the time nor the resources to do this, and in any case seems not to have considered it very important. CSR was given the impression that the inquiry was more interested in the company's returns than in the growers'.⁹⁶ It was assumed that the industry's efficiency

depended on CSR. Farmers would best be served by preventing the company from carrying out its veiled threat to wind down its operations in Fiji if the commission produced an unfavourable report.⁹⁷ And after all, it was much easier for CSR to pull out of the industry than it was for the growers. If proceeds from cane were not enough to satisfy both parties, preference should be given to the millers. The commission devised a formula which favoured CSR. Instead of the company's proposal that before splitting the sugar proceeds a few costs like storage expenses be deducted, 30 per cent of net proceeds (gross proceeds less marketing and a few other expenses) were to be allocated to CSR to cover its 'basic sugar making costs'. The balance was to be divided, 82½ per cent to the growers and 17½ per cent to the millers. It was suggested that approved sugar making costs be certified by the Independent Accountant each year. The formula contained incentives to reduce expenses, but also provided that if they should exceed 30 per cent half the excess would be deducted from the growers' share and half from the millers'. This gave CSR some protection against a rise in costs, since its overall percentage of net proceeds would be increased. So, for example, if costs were 30 per cent of net proceeds the company's share would be 42.2 per cent, but if costs went up to 35 per cent its share would rise to about 44.3 per cent. The price formula was widely misunderstood by farmers who thought it guaranteed CSR against loss. This was not strictly true. The company was protected to a large extent but not completely. The growers' basic share of 57.57 per cent was closer to CSR's offer of 55.1 per cent of net proceeds than to the 64 per cent requested by the Kisan Sangh and the 66 2/3 per cent of gross proceeds demanded by the Federation. It was also less than the average of 62.6 per cent of gross proceeds farmers had received during the 1950-59 contract. Moreover, though the formula gave CSR some protection against rising costs, it provided no such protection for the growers. Understandably, many farmers felt aggrieved.

The Eve inquiry had been an astute political exercise. Under the guise of impartiality, a report which was distinctly favourable to CSR had been produced. Despite opposition from leaders of the Federation, in early 1962 growers signed a new contract based on the commission's findings. Later there were to be complaints that farmers had been forced to do this because there was no alternative.⁹⁸ Growers were financially drained and thoroughly disheartened from the strike two years before, which had cost them an

estimated £850,000 to £900,000 in lost income.⁹⁹ (CSR had also suffered, making a loss on the 1960 season.) They were in no mood to start industrial action again. The position of CSR, supported by government and the Fijians, seemed unassailable. The implementation of most of the Eve report was extremely important for the sugar industry. The method of production control, the Sugar Board and the Sugar Advisory Council still exist today. CSR's continued presence in the colony — for at least another ten years — was assured.

Together with the Eve report, the company's efforts to keep its operations profitable brought certain benefits to Fiji. CSR was encouraged to increase milling capacity in the 1960s, and to use its exceptional marketing resources to secure for the colony access to the lucrative United States market, following the U.S. ban on imports of Cuban sugar. In 1961 the company's agent in Washington, Charles Brown, enlisted the support of Senator Hubert Humphrey, who told the Secretary of Agriculture that Fiji would purchase American wheat flour if it could sell 15,000 short tons of raw sugar under the U.S. Sugar Act. 'This seems to make sense. What's being done about it?'¹ In the event, Fiji was allocated a quota of 10,000 short tons, though this was subsequently raised. At the end of 1974 it stood at 51,820 short tons, so that as measured by the volume of sales that year the U.S. was Fiji's next most important market after Britain.² Yet though this enabled other people to enter the industry the benefits were limited, for the colony's high propensity to import goods meant that there was little spread effect in the economy from the higher earnings of the sugar industry. There was also some advantage from the localization of staff which was continued by SPSM in the 1960s, and which reduced the outflow of income from the colony (in the form of savings). Against this, SPSM relied heavily on administrative services from Sydney, the cost of which had to be met by Fiji. The exact size of the cost is not known, but it is likely to have been a significant proportion of the 10 per cent of sugar making costs allowed under the Eve contract for 'head offices' expenses'.³

Offsetting the benefits from CSR's defence of its operations were some distinct disadvantages. For example, there was the reduction in the number of field staff which was continued by SPSM. Though one result was that growers became more independent of field officers, another was that the quality of extension work suffered. This may

have been one reason for the trend toward multiple ratooning and poor fertilizer application which became apparent in the 1960s and depressed yields. And then, coming on top of the division of the industry between growers and the millers, CSR's desire to minimize expenditure made it refuse to assume the cost of maintaining the drains.⁴ Drains which had begun to silt up in the 1950s continued to do so, so that by the early 1970s this had become a major factor behind the fall in cane production which has recently been of such concern to those connected with the industry. Funds which might have been available for expenditure on drains if the mills had not been foreign owned were remitted abroad. The loss of this income also deprived the colony of capital for use in a program of public works designed to alleviate the problems of underemployment and growing unemployment. The need for many villages to have better communications with the outside world, better schools, housing and so on to encourage a higher rate of Fijian participation in the economy has been stressed by Fisk.⁵ The spread effects of this would benefit the Indian population as well.

The size of the income CSR took out of Fiji as the result of its milling operations between 1 April 1950 and 31 March 1960 is shown, if only approximately, in Tables 8.8 and 8.9. Again no allowance has been made for the effects of transfer pricing arrangements. In particular, 'head office' and 'general' expenses, at £352,654 for the year ended 31 March 1960, seem to have been rather high; they had risen by 113 per cent since the 1955 season.⁶ The estimate for capital expenditure is liable to a significant margin of error. With these reservations, after operating costs, the payment of taxes and capital expenditure, the cash surplus from milling was probably around £3,037,397. If the cost of living index for Viti Levu except Suva is taken as a guide, and it is assumed that the annual rate of capital expenditure was constant and that all outgoings and receipts were paid at the end of the company's financial years when the price levels have been taken, at 1950 prices this was £2,451,325. Most of this was repatriated. So apart from 1960 when the strike distorted results and for which complete figures are not available, it is clear that in relation to CSR's capital expenditure and to the size of the economy the sums remitted were substantial.

When related to the value of assets shown in the company's published reports (plus an allowance for working capital and stocks), figures in confidential profit and

Table 8.8

Aggregate profit from CSR's sugar mills in Fiji for
years ended 31 March 1951 to 31 March 1960

	£F
Sales of raw sugar ^a	68,435,147
Operating costs:	
Direct costs (purchase of cane, labour, etc.)	58,968,338
Overhead costs ^b	<u>2,069,962</u>
	61,038,300
	<u>7,396,847</u>
Add miscellaneous profits from sale of molasses, etc. ^c	<u>820,179</u>
Gross profits	8,217,026
Less charge for depreciation and replacement ^d	<u>2,488,000</u>
Net profit before tax	5,729,026
Less income tax	<u>1,879,629</u>
Net profit after tax	<u>3,849,397</u>

Sources: Mill profit and loss accounts, Chief Accountant, CSR Ltd, Sydney; Tables in CSR F 5.0/2 and CSR U 3.0/3.

Notes: ^aExcludes income from the sale of stocks held on 31 March 1950 but includes income from sale of stocks held on 31 March 1960. Also excludes payments to the Price Stabilization Fund.

^bIncludes hurricane and earthquake damage from 1952 to 1955.

^cSeems also to have included profits from the CSR steamship operating between Fiji and Australia. Excluded are profits from the rent of land, etc.

^dAt 4 per cent on the value of fixed assets, on a straight line basis. Assumed is that gains/losses from disposal of fixed assets are treated as capital transactions and are excluded from mill profit and loss accounts.

loss accounts indicate that from 1950 to 1959 CSR's average annual return from its Fiji mills was about 7.5 per cent. This compared with the maximum of 4.5 per cent to 6.0 per cent charged on overdrafts by Australian trading banks.⁷

Table 8.9

Estimated cash flow arising from Fiji sugar milling
activities, years ended 31 March 1951 to
31 March 1960^a

	£ F
Net profit after tax	3,849,397
Add back allowance for depreciation and replacement	<u>2,488,000</u>
Total cash surplus	6,337,397
Less estimated capital expenditure ^b	<u>3,300,000</u>
Flow of cash from Fiji	<u>3,037,397</u>

Sources: Table 8.8; CSR Memo., 'Sugar in the Fiji Economy', 1959, CSR Library, 8.

Notes: ^aNot all the cash flow would have occurred during this period.

^bEstimate is based on CSR's statement to Burns Commission that from January 1949 to early 1959 the company had spent £F3.3 million on replacing equipment and increasing the capacity of the mills. It is assumed that capital expenditure for the calendar years 1949-58 was the same as for the financial years ended 31 March 1951 to 31 March 1960. The margin of error entailed in the assumption is unlikely to be great. Annual trade reports show that from 1950 to 1959 the f.o.b. value of imports of rails and accessories, locomotives and parts, rolling stock and parts and milling equipment was £3,086,502. Of course this does not include all capital imports connected with sugar, nor does it cover the cost of installing equipment. On the other hand, the category 'Milling machinery other than timber' in the trade reports seems to include machinery for rice as well as sugar milling. So an estimate for capital expenditure of £3.3m does not seem too unrealistic.

Expressed in this way, the profits do not seem particularly large, but this was partly because the revaluation of assets made returns from 1957 on look unrealistically small. As R.S. Kay had pointed out, if the assets were written down by the amount they had been revalued, in relation to CSR's other activities earnings from the colony in 1959 had made a reasonable contribution to the profits of the company as a whole. Moreover, the closure of Nausori and other economy measures made it likely that CSR would continue to obtain satisfactory results, even without the Eve report. There was no need to have reduced the farmers' share of gross proceeds from sugar. Yet under the Eve contract CSR would continue to do well in Fiji, while growers would receive a smaller share of the proceeds. The interests of the company had triumphed over those of the farmer.

Chapter 9

The withdrawal of CSR

In 1973 CSR sold its sugar interests to the newly independent government of Fiji, so ending a period of over ninety years during which the company had played a major role in the colonial history of the country. It had dominated the economy, wielded immense political influence and done much to shape the evolution of Fiji-Indian society. The decision to withdraw was greeted with disbelief at first, for it was hard to visualize a Fiji without CSR. Then as people got used to the idea, some alleged that in fact the decision had been taken as early as the late 1950s when the end of British rule in the colony was in sight. It was suggested that rather than face the uncertainties of dealing with an independent government, CSR wanted if possible to dispose of its assets. The problem was to do this without loss of face, in a way that would enhance its reputation for concern about the social responsibilities of business. The company had to await the right moment, and this finally came in 1970 with the findings of an arbitrator, the Rt. Hon. Lord Denning, into a dispute between SPSM and growers about the terms of a new contract. The award was so generous to farmers that CSR could argue — quite plausibly — that if it remained in Fiji it would make a loss. So, it has been said, the stage was set for the company to announce the withdrawal it had planned for the past ten years.¹ The argument, however, does not fit the facts. Between 1961 and 1969 SPSM invested about £7,000,000 in the colony. Most of this was to replace assets, but a considerable amount was also used to increase milling capacity.² Following the lifting of ISA quotas, the colony's exports rose from 220,000 tons of sugar in 1962 to a record 343,000 tons in 1968.³ This hardly suggests that CSR wanted to leave. Moreover, it is clear from correspondence that senior officers who prepared the company's case for the Denning inquiry were determined to convince the commission that it should make an award which would enable CSR to stay in Fiji.⁴ For the truth was that under the Eve contract SPSM

had done very well, and if it could secure a new contract on similar lines CSR had no intention of withdrawing.

Discontent among farmers

The real problem for the company was that a large section of the growers, represented by the Federation, remained utterly opposed to the Eve contract. This was not surprising, for during the 1960s there was little sustained improvement in the economic position of farmers. It is clear from data in the previous chapter that up to 1966 underemployment in cane areas increased, and this probably continued through the rest of the decade. The report of the 1976 census was not available at the time of writing,⁵ but in 1971 the International Labor Office predicted that between 1965 and 1975 the labour force in Fiji would grow by an average of at least 5,000 persons a year. It is unlikely that more than half found jobs in the late 1960s. The expansion of employment opportunities was greatest in the public sector, in service industries and in building and related industries. Yet between 1966 and 1972 the number engaged in these activities rose by an annual average of only 1,881,⁶ making it almost certain that not enough jobs were being created to absorb the underemployed in cane districts. If anything, underemployment got worse. Meanwhile, population continued to grow despite a reduction in the crude birth rate among Indians from 43.75 births per 1,000 persons in 1960 to 30.47 ten years later.⁷

To some degree the problem was eased by the higher yields of cane obtained since the mid-1950s, which lifted the annual average income of growers from about £381 between 1950 and 1960 to around £543 over the following nine years. The increase, of course, would have been greater still if there had been a larger rise in the price of cane. In fact, the average price from 1961 to 1969 was only 2s 2d a ton more than the average price of 68s from 1950 to 1960. If the very exceptional 1963 price of 98s is excluded, the average was actually 1s 4d below that paid under the previous contract.⁸ With an increase in the cost of living over the period of almost 30 per cent, in real terms the difference was even greater.⁹ So it was easy to blame Eve for not allowing growers to realize the full benefits of higher yields. More significant was that as a result of low sugar prices and poor weather conditions, there was a steady fall in average real farm incomes between 1963 and 1968 (see

Table 9.1). Though real earnings subsequently recovered they did not reach their 1962 and 1963 levels, so that except for 1963 there was virtually no improvement in real incomes from cane over the period 1962 to 1969 as a whole.¹⁰ Yet the average real wage of agricultural workers had risen from about 12s 7d a day to 13s 10d, an increase of just under 10 per cent. Real wage rates overall had gone up by an average of about 9 per cent.¹¹ Consequently, by the end of the decade not only did farmers still have the problem of supporting a growing population, but since 1963 in real terms their gross receipts from cane had declined in relation to the incomes of wage earners.

Table 9.1

Average annual income per supplier of cane, 1961-69

Season	Av. tonnage of cane harvested per supplier	Av. price per ton cane	Av. income per supplier (to nearest £)	Av. income at 1961 prices (to nearest £)
		s d		
1961	91	64 1	292	292
1962	148	69 11	517	502
1963	179	98 0	877	851
1964	174	72 0	626	564
1965	155	67 0	519	447
1966	149	64 10	483	424
1967	143	63 4	453	384
1968	186	65 2	606	501
1969	154	67 3	518	402

Source: FSC Ltd, 'Industrial Statistics Summary', Tables 19(c), 23, 55, 61.

Efforts were made by government to reduce the discontent of farmers. The objective was not simply to prevent another strike: it was also to maintain political stability as the colony prepared for independence, which came in 1970. Two areas of major concern to growers were tackled, and the first was land tenure.¹² Officials were greatly perturbed by the widespread insecurity among Indians caused by the declaration of reserves, yet they knew that any solution to the problem of land tenure must be accepted by the Fijians. Political stability, which was a prerequisite for

economic development, depended as it always had on government retaining the support of the Fijian chiefs. This ruled out CSR's suggestion that the Crown take over all native leases in cane areas and lease them to growers on secure terms.¹³ The company would have gained by an increase in the general contentment of farmers, but its long-term interests would have suffered from the political instability caused by Fijian resentment at such a move. What was needed was a compromise. The Burns Commission, appointed in 1959 'to recommend how the development of the Colony and its resources should proceed', suggested that to remove Indian fears of displacement reserves should be declared as soon as possible. The length of the normal agricultural lease should be increased from thirty to sixty years, while leases for tree crops should be for ninety-nine years; rents should be revised regularly.¹⁴

Following the Burns Report, the NLTB hastened the declaration of reserves and decided in general to forgo its right under the NLTO to declare additional reserves as new needs of the Fijian owners arose. Instead, to meet its obligations as a trust by ensuring that sufficient land was available for the rapidly growing Fijian population, the Board decided to act under Section Nine of the Ordinance which empowered it not to issue new leases or renew old ones if the land was likely 'to be required by the Fijian owners for their use, maintenance or support'.¹⁵ The focus of Indian attention accordingly switched from land going into reserves to security of tenure for land lying outside. Throughout the 1950s tenants had been concerned about the terms of their leases even though this had been overshadowed by the question of reserves, but once it was realized that the NLTB planned to rely on Section Nine where necessary, though the problem of reserves remained,¹⁶ the length of leases became the overriding issue. It became clear that, contrary to hopes expressed in 1940, reserves would not necessarily ensure security of tenure on unreserved land. A number of leases were due to expire in the 1960s, and the new policy of the NLTB raised very acutely the question of whether they would be renewed.

After consideration of the Burns Report, government appointed in 1961 an Agricultural Landlord and Tenant Committee to advise on what new legislation was needed. The Committee discussed the recommendation of the Burns Commission that the length of new leases be for sixty or ninety-nine years — a proposal accepted by government in 1960 and

supported in principle by the NLTB provided the land was not required for the support of its owners. The problem was that the disadvantage of a termination date, however far off, would still remain. To overcome this, the Committee suggested that agricultural leases should normally be for thirty-year terms, with ten years as a statutory minimum. But they should also carry the automatic right of renewal unless, if the land was needed by the owner for his own use, greater hardship would result if the lease was renewed than if it was not, or unless there were grounds relating to the quality of husbandry, the needs of good estate management, etc. Tenants would have the right of appeal against decisions not to renew. These conditions were, however, to apply only to new leases and not to existing ones.¹⁷

The Committee reported in 1962. Despite dissatisfaction with some points, notably the recommendation that tribunals be appointed to arbitrate in disputes arising from the issue of non-renewal notices, its report was accepted in principle by the NLTB. Since the recommendations were to apply merely to new leases, the Board would be left with ample opportunity to protect the interests of landowners as existing leases expired. An example of the need to do this occurred in 1963 when land owners at Koronubu, Ba, asked for the additional reservation of large areas lying outside reserves declared in the 1950s. The Board decided that its policy of demarcating no new reserves, but applying Section Nine of NLTO instead, should stand. Two leases — Koronubu and Veisaru — totalling about 5,000 acres and held by CSR which had sublet to Indian growers, were due to expire at the end of 1965. In co-operation with SPSM, the NLTB decided to reparcel the irregular holdings of existing tenants to make room for 187 members of the landowning units who wanted to grow cane themselves. Great care was taken to minimize the number of Indian growers who would have to be displaced. In the event about 77 of the 287 original tenants could not be accommodated on Koronubu/Veisaru though alternative, albeit inferior land was found for them.¹⁸ Despite the care that was taken (according to the NLTB), the Koronubu/Veisaru scheme aroused intense Indian mistrust. This was virtually the first application of the NLTB's decision to use Section Nine where necessary. A feeling of insecurity spread throughout the Indian community as tenants wondered how many more cases like Koronubu/Veisaru lay in the future, how many more Indian growers would lose their farms.

Faced with this feeling, and concerned lest it be expressed in political or industrial agitation, government concluded that the report of the Agricultural Landlord and Tenant Committee did not go far enough. Its recommendations should be made applicable to existing as well as new leases. Accordingly, in 1966 the Agricultural Landlord and Tenant Ordinance (ALTO) was introduced and hastily pushed through the Legislative Council.¹⁹ Its main effect was to override Section Nine of the NLTO by giving tenants the right to two ten-year extensions of their lease, unless the owner could prove before a tribunal greater hardship if the lease was renewed than the tenant would suffer if it was not. Compensation for unexhausted improvements made in accordance with the Ordinance had to be paid on the reversion of a lease. As a concession to landowners, the NLTB was entitled to reassess rents every five years. ALTO was designed to provide greater security for lessees who, it was hoped, could look forward to an effective fifty-year term — thirty years plus two ten-year extensions. But this increased security was not to be at the expense of owners who genuinely needed the land for their own use. Government thought that the Ordinance, which came into effect on 29 December 1967, would provide an acceptable compromise to the seemingly intractable problem of land tenure in Fiji.

But government was wrong. Fijians resented the Ordinance because they found it extremely difficult to prove greater hardship. Indians disliked it because the NLTB, which had not been consulted about ALTO, reacted to the legislation by reducing the length of new leases on cane land from thirty to ten years.²⁰ The Board argued that if thirty-year terms were granted and tenants managed to obtain two ten-year extensions, it would be fifty years before a lease could revert to its owner. ALTO stipulated that the minimum length of new leases should be ten years. If two extensions were then given, the total length of the lease would remain as before — thirty years. This defeated the main objective of ALTO — to give tenants greater security of tenure. Indeed, tenants now had less security than before ALTO was introduced. As existing leases expired, instead of being able to hope for new ones of thirty years, tenants could anticipate terms of only ten years, while under the hardship clause there was no guarantee they would get the first, let alone a second extension. They also had to face the prospect of rent revisions every five years. Rents for some of the older leases had never been reassessed and had remained at ridiculously low levels. New rents,

fixed at a maximum of 6 per cent of the Fair Market Value of the land, often represented a substantial increase on the previous rent. On one lease — admittedly unusual — rent was raised in one jump from £42 7s 6d to £504 2s 0d a year. It was not surprising that Indians were very critical of the new law.²¹

Government was also concerned about the indebtedness of cane growers. Following a visit to Fiji by B.J. Surridge, an Adviser on co-operatives in the Colonial Office, a survey of the problem was conducted in 1961. From interviews with 533 farmers, Shardha Nand found that on average they were indebted to the tune of 67.1 per cent of their gross annual farm incomes; the percentage was higher if he excluded the 14.8 per cent of growers who were also lenders.²² Commenting on the survey, V.D. Stace of the South Pacific Commission told the Registrar of Co-operatives, F.E.M. Warner,

I cannot help wondering whether hopeless indebtedness of a peasant farming community could be an important factor in turning natural 'conservatives' into willing 'revolutionaries' when provocation occurs as it did in Fiji during the campaign [in 1960] against the CSR Company.

The desire to maintain stability in the sugar industry was a major reason for official interest in Indian indebtedness. It was thought that if money-lenders and storekeepers could be replaced by a cheaper source of credit the real incomes of growers would rise, so increasing their sense of well-being.

The long-term objective of the Co-operatives Department was to introduce a Debtors Relief Ordinance on the lines of legislation in Cyprus. This would involve the creation of a Debt Settlement Tribunal to decide the amounts owed by each debtor and to recommend the period over which debts be repaid. The Tribunal would be able to arrange for a fixed percentage of a grower's proceeds to be spent on farm and household requirements, the balance accruing to his creditors. Farmers would then have a procedure by which to escape from high cost debts. Yet before doing this, an alternative and cheaper supply of credit had to be made available to prevent farmers again turning to traditional sources. So in the early 1960s co-operative credit societies were formed to encourage thrift among their members and to make advances to those who had saved. At first members

had unlimited liability and were expected to build up savings by regular monthly 'recurring' deposits, but this was hopeless for cane growers who were paid in three or four instalments at widely spaced intervals during the year. Instead, the Department encouraged credit societies of limited liability with savings based on shares rather than deposits. In 1968 legislation was passed to encourage farmers to make regular assignments of up to £20 a year for the purchase of shares. Except for sums owed to government or a landlord for rent, these assignments were to have priority over any other securities which might have existed at the time of making the assignment. By 1969, 129 credit societies had been formed with 1,500 members, and at their apex had been established the Agricultural Credit Co-operative Association Ltd (ACCA). Beside supervising the societies, the ACCA was to obtain funds from outside institutions and on-lend to the co-operatives, using as security part of their members' assignments. However, credit societies alone were not enough. The provision of cheap credit had to go hand in hand with the provision of cheap goods, otherwise its benefits would be wasted. Consequently, in the late 1960s the formation of consumer co-operatives was encouraged, the idea being that they would sell goods on credit advanced from the ACCA. It was expected that prices would be lower than at other retailers because credit would be cheaper. Profits would be distributed among members, who would also belong to credit societies.²³

In 1969 Vijay R. Singh, Minister of Commerce, Industries and Co-operatives, proposed a major assault on Indian indebtedness. As a member of the Alliance Party, which sought to win Indian support through the Kisan Sangh, it was natural that he should take up the question; for years the Kisan Sangh had blamed Gujarati storekeepers for the financial plight of growers. Singh proposed that the capital available to the ACCA be increased by transferring the assets of the Sugar Price Stabilization Fund Board, which had accumulated since 1947 and had never been used for their original purpose of stabilizing the price of sugar. Though after 1962 part of the fund had been distributed in the form of capital grants to farmers and CSR, at the end of 1968 the Board's assets totalled £3,242,473.²⁴ At the same time as these assets were transferred to the ACCA, Debtors Relief legislation would be introduced to help growers repay their existing debts. Singh argued that low incomes between 1963 and 1968 had forced growers to reduce their expenditure. Now, with the price of sugar rising,

the price of cane would go up too. If they could be persuaded to limit their outgoings to levels in the mid-1960s, farmers would be able to liquidate their debts with relative ease. They could then turn to an expanded ACCA for cheaper credit and to consumer co-operatives for goods. In November 1969 the Council of Ministers authorized Singh to approach the Secretary of State on these lines, but before discussions could reach an advanced stage the report of the Denning arbitration was published and accepted. It contained a recommendation that the Sugar Price Stabilization Fund be used to stabilize the price of cane.²⁵ With this source of finance no longer available, Singh's plan for dealing with Indian indebtedness was dropped.

It is most unlikely that the scheme would have succeeded. The parochialism of credit societies was a big problem. They often wanted to use assignments for their own purposes rather than make them over to the ACCA. More important was the threat posed to vested interests. Storekeepers and the like, who were well qualified from their business experience to assume positions of leadership in the co-operative movement, were those who would suffer most if the movement succeeded. Their lack of involvement meant that co-operatives were hamstrung by a shortage of good leaders, and were often badly managed. The failure of many credit societies was attributed to poor leadership as much as to anything. In addition, there were cases — it is difficult to know how many — of storekeepers threatening to foreclose on debts if their clients joined co-operatives. Even if there was no overt threat, heavily indebted farmers were unlikely to risk antagonizing their creditors. The major problem, though, was that credit and consumer societies did not meet the needs of 'financially inefficient' farmers — those who were least able to convert the financial resources available to them (mainly from cane) into a cash surplus at the end of the year; they were normally growers whose annual receipts were low.²⁶ There is some evidence that high income farmers tended to belong to credit co-operatives, whereas those on low incomes did not.²⁷ The real problem was not so much to increase the supply of credit, which was already quite plentiful, as to improve the credit-worthiness of the financially inefficient farmer. A reduction in the cost of his credit would increase his cash surplus at the end of the year. In 1970 Barry Shaw found, not surprisingly, that the cost of credit to the financially efficient grower was considerably lower than for the one who was less efficient and therefore less able

to repay. Thus the financially inefficient farmer was faced with the rather vicious circle whereby the expense of borrowing reduced his annual cash surplus from cane, which reduced his credit-worthiness still further, so increasing the cost of credit for the following year, reducing his annual cash surplus and so on.²⁸ Shaw suggested ways to minimize the expenditure of such persons so as to increase their surplus. They should be encouraged, for example, to grow more food instead of relying on purchases at the market or the store.²⁹ He might also have added, as growers have often argued, that an increase in the real price of cane would be likely to help farmers heavily in debt.³⁰ In other words, by concentrating on the supply of credit the Co-operatives Department was ignoring the main problem, which was the price paid for cane.

By the late 1960s, then, government efforts to appease growers by tackling the questions of land tenure and indebtedness had failed. And since 1963 there had been little overall improvement, if any, in the economic position of farmers. So as negotiations began for a new contract to run from 1970 to 1979, it seemed that once again there might be a confrontation between the growers and the millers.

The withdrawal of CSR

Yet though eager as ever to win concessions for their members, union leaders were reluctant to call a strike. Perhaps one reason for this was the failure of past stoppages. Growers had won virtually nothing from their actions in 1943 and 1960. A.D. Patel had been involved on both occasions, and it is possible that this influenced him in 1968-69. True, the adoption of a relatively extreme position in the past had advanced his political career, but the situation in the late 1960s was different. Patel was now a mature, well established politician, and widely respected. The Federation Party, headed by him and based on the Federation of Cane Growers minus the Kisan Sangh and the Fijian farmers, had won a victory in the 1968 by-elections for nine Indian communal seats. It had won all the seats against its Alliance opponents with an increased share of the vote. With the party's ascendancy in the Indian community beyond doubt, there was little political mileage to be gained from a militant approach to negotiations for a new cane contract. Indeed, given its immediate political objectives, such an approach would have been counter-productive. The

Federation was campaigning for a rapid transfer of power with one man one vote on a common electoral roll. Fearing Indian domination, many Fijians were opposed to early independence on any terms, while the overwhelming majority of them, as well as of Europeans, wanted the retention of the communal voting system. In three centres the outcome of the by-elections had led to mass meetings at which Fijians had called for the deportation of Indians and the use of violence to protect Fijian rights. In one area, twenty-one Fijians had been charged with rioting and assaulting Indians. If the Federation was to get independence soon and a common roll system, it needed to allay the fears of the Fijian and European communities. A strike in the sugar industry would have had the exact opposite effect.³¹

The Sugar Industry Ordinance of 1961, based on the Eve Report, had laid down a procedure for negotiating a new contract when the existing one expired. Accordingly, in 1968 discussions began under the auspices of the Sugar Advisory Council. The Kisan Sangh and the Federation submitted separate draft contracts which, though different in important respects, were mainly designed to increase growers' income from cane. The key question was the price. The Kisan Sangh suggested that gross proceeds from sugar be split 70:30 per cent in favour of the growers. The Federation came up with a more radical proposal — that farmers be guaranteed £5 a ton of cane with a bonus of 2s 6d for every £1 by which the average price of raw sugar (including molasses) exceeded £49; the average cane price from 1961 to 1969 had been £3 10s 2d.³² Talks continued into 1969 but without much progress. Then in late March or early April the Independent Chairman, Mr Justice C.C. Marsack, was approached by two representatives of the growers quite separately and apparently without prior contact between them. They said that what worried farmers was the nature of the Eve price formula, which seemed to guarantee the millers against loss but not the growers. If the formula could be reduced to simple terms, say a straight percentage split of the proceeds, and a few minor concessions be made on other points, it might be possible to produce a contract acceptable to farmers. Marsack urged SPSM to consider a percentage arrangement based on the results of the Eve formula since 1962, which had worked out at about 60 per cent to the growers and 40 per cent to the millers. Because of the growers' insistence that provision be made for the payment of their expenses, the split might have to be 'camouflaged' by giving the millers, say, 30 per cent of the

proceeds to cover their expenses, growers 30 per cent to cover theirs, and dividing the rest 75 per cent to farmers and 25 per cent to SPSM. 'The very positive individual opinions expressed by the two growers' representatives' convinced Marsack that this was an idea worth pursuing.³³

The suggestion was rejected by SPSM, which refused to make any major concessions during the negotiations. Apart from incentives to reduce costs built into the Eve contract, under the price formula an increase in certified sugar making costs above 30 per cent of sugar proceeds was to be deducted equally from the millers' income and the growers', so giving the company some insurance against a rise in costs. The straight percentage split suggested by Marsack, however well disguised, would have removed this insurance at a time when its importance to the company was greater than ever. Labour costs had gone up considerably, from a daily average of 19s 4d per employee in 1961 to 27s 7d in 1968.³⁴ Only part of the increase was offset by an expansion of output which might otherwise have reduced unit costs.³⁵ With the signing of a new International Sugar Agreement in 1968, there was no guarantee that another similar expansion would be possible in future. Yet it seemed likely that wages would continue to rise, especially if an independent government had to use higher wages to maintain political stability. Unit costs might escalate more sharply than ever before. In short, uncertainty about the future increased the risks of operating in Fiji, and the Eve formula provided a measure of security against these risks.

The rigid stand of SPSM, acting on instructions from CSR, ruled out a negotiated settlement. The alternative was to go to arbitration, as provided for in the 1961 Ordinance. The result of arbitration would be considered a triumph for the growers. This was because government did not keep control of the situation as it had in 1960-61. Instead of appointing a man like Eve, who could be relied upon to produce a report reasonably favourable to the company, the Rt. Hon. Lord Denning, Master of the Rolls, was asked to adjudicate. Now Denning's reputation is that of a judge who is more willing to create law, perhaps almost irrespective of precedent, than are many of his colleagues. In a collection of addresses delivered in 1954 and 1955, Denning criticised judges and advocates who were 'not concerned with the morality or justice of the law but only with the interpretation of it and its enforcement'. He pointed out:

It is the lawyers who have made the law what it is. Most of our law, as they will tell you, is judge-made law. The rest of it is Statute law but that is drafted by lawyers and interpreted by lawyers, and, as often as not, it is in the lawyers' part of it that injustices occur. They cannot therefore escape their responsibility. The legal profession, by its exponents in days past or in days present, must account for every injustice done in the name of the law. Yet they do not let it trouble them over-much.³⁶

Except for a few matters of detail, the sugar industry dispute did not entail questions of law. But Denning's inclination as a judge to give priority to justice over legal precedent made it likely that in drafting his award he would not feel bound by the results of previous inquiries. If he felt it was unfair, he would be more willing, perhaps, than many other lawyers to abandon the Eve contract.

And his understanding of what was just in the Fiji context was not likely to be sympathetic to CSR. In the same collection of addresses, Denning gave examples of the way that freedom of contract had come to be abused. 'The thing to notice in all these cases is that it is all a very one-sided affair. The companies impose terms which the customer has no opportunity of accepting or rejecting. He is bound whether he likes it or not.'³⁷ Despite superficial differences — growers were suppliers rather than customers of SPSM — the examples were similar to the situation in Fiji. If growers wanted to sell cane, they had to accept the conditions laid down by SPSM; there was no other miller to whom they could turn. Denning also discussed freedom of association. Though he emphasized that trade unions ought not to infringe fundamental rights of the individual, he said:

If men are ever to be able to break the bonds of oppression or servitude, they must be free to meet and discuss their grievances and to work out in unison a plan of action to set things right ... men must be able to form themselves into trade unions to protect their working conditions.³⁸

Employers should also have the right of association, but this right was often abused. Denning highlighted ways in which companies combine to manipulate prices to their advantage but not to that of the public. He was more severe

in his criticism of such practices than of the public ill effects of trade union activities, though some of his judgments in the 1970s indicate a greater and more recent concern about the latter.³⁹ So it was clear that if Denning came to Fiji his sympathies would not automatically lie with CSR, which had a monopoly of milling in the colony. His outlook was in stark contrast to Eve who, as chairman of the Cement Makers' Federation, was involved in a type of organization that Denning disliked.

Why, then, was Denning selected? After all, his views were well known in legal circles, and under the Ordinance the appointment of an arbitrator was in the hands of the Chief Justice. Some have said that CSR engineered Denning's selection, knowing that he would be likely to decide against the company and so provide the long awaited chance to withdraw. The suggestion would have delighted Machiavelli, but is hard to square with the time and money SPSM spent on trying to persuade Denning to accept its case. What actually happened was that the Chief Justice offered growers a selection of names and A.D. Patel, in the belief that Denning would be the most sympathetic to farmers, chose him.⁴⁰ SPSM could hardly have opposed the choice, for what more prestigious person was there to arbitrate than the Master of the Rolls? The decision to offer growers a choice, including Denning, was in some ways surprising, as the last thing officials wanted was that the award of the arbitrator should force CSR to leave the colony. Government was trying to promote economic development through the attraction of private capital;⁴¹ the departure of CSR would work in the exact opposite direction. Yet it seems that officials misjudged the position. They overrated the possibility of disruption in the industry, and in an attempt to prevent it by persuading growers to accept arbitration, decided to offer them a choice of names. It would be hard for growers to reject the award of their own nominee. But in doing this, and including Denning on the list, government took a risk. Though no one could have predicted it for sure, there was the possibility that Denning would side with the growers. In allowing this risk to be taken, government made a big political mistake.

Perhaps officials hoped that the appointment of Mr Robert McNeil, former President of the Institute of Chartered Accountants, as the accountant advising Denning would help prevent the judge from making an award which would be unacceptable to CSR. McNeil's role — or lack of it — may

have been crucial, for Denning does not seem to have had time to examine in detail the extensive financial evidence presented by SPSM. After arriving in Fiji, Denning told advocates of the main parties to the dispute that he was in the colony during his holidays, and that he wanted to complete the hearings in about three weeks because he had to get back to London where work was piling up.⁴² He left much of the detailed discussions on the company's financial statements to McNeil, who produced two provisional reports, dated 11 and 13 September, while still in Fiji. The final report was to be prepared when he returned home. But within a month of leaving the colony, McNeil died. In his award Denning said of McNeil, 'Before his death he made a full report which has been of great value to me.'⁴³ Yet it is hard to know how McNeil could have had time to do this. Before his departure he told several people in Fiji that as soon as he reached Europe he had about one week's work to do in Brussels, followed by 'some days' work' in Sussex, after which he would be working for a fortnight on the continent. It was at the end of this fortnight that he died. There was very little time for him to have produced a final report for Denning. The 'full report' must have been McNeil's two provisional statements.

The errors contained in the award, which were more numerous than one would expect from a judge of such standing, suggest that Denning was handicapped by not being able to discuss more fully his conclusions with McNeil. For example, Denning stated that in certifying sugar making costs the Independent Accountant had made 'no check on whether a particular item of work was entered as slack season maintenance, or as capital expansion'. The result was that 'costs were certified at a higher figure than they should have been'.⁴⁴ This was wrong. The Independent Accountant had paid close attention to this very question. He had been told by McNeil that the millers' books were admirably kept and were not open to question. No criticism of the way sugar making costs had been certified had been made in McNeil's provisional reports to Denning.⁴⁵ Denning made other mistakes, and they have been fully set out by CSR.⁴⁶ They might not have been made if McNeil had been alive when Denning wrote his award. More important, the award might not have been so generous to growers. From what he said in Fiji, CSR is convinced that McNeil was far more sympathetic to the company than Denning proved to be.

Unlike the Eve Report, Denning's award was not designed to help the existing structure of the industry —

foreign-owned mills versus growers — work more smoothly. Rather, it was an expression of his view of justice as it applied to Fiji. Toward the end of his award Denning wrote:

If I have erred at all, I think it will be because I have been too favourable to the growers. So much so that the millers may say that their share does not leave them enough to maintain and modernise the mills and the transport system as they ought, or to give a reasonable return upon capital. But I would remind them that they have had a good innings over the last eight years ... they have had a good reward. They have not gone short. But the growers have.⁴⁷

Denning sensed that growers had had a raw deal, and he wanted to right the situation despite CSR's prediction, which formed the bulk of its evidence, that it would be unable to operate profitably in Fiji if he did. This contrasted with Eve, who had felt that CSR was having a bad time and had tried to do justice to the millers despite growers' claims that they would suffer an injustice as a result. Evidently there was not enough room to accommodate the interests of both parties. Denning may have realized this, as some officials later suspected. Instead of adding another short-term answer to the ones that had gone before, perhaps Denning preferred to promote the conflict in order to hasten a long-term solution.⁴⁸ Whatever the motivation, just as the Eve Report had been an expression of support for private enterprise, so Denning's award reflected a sympathy for the individual when faced by powerful monopoly concerns.

Denning had been appointed on 22 July 1969, and had held public hearings during August and September. Apart from the millers, the Federation of Cane Growers had appeared before him, as had the Alliance Cane Contract Committee representing the Kisan Sangh and the Fijian farmers. The Alliance had wanted a better deal for growers, but not one that would be unfair to SPSM. The Federation, which was less concerned about the future of SPSM, had demanded an even greater improvement in the farmers' lot than had the Alliance. The award was published in January 1970. Its chief provision was that the gross proceeds of sugar should be divided 65:35 in favour of the growers. This was about 5 per cent more than the weighted average split from the operation of the Eve formula over the period 1962 to 1968. Denning also declared that the millers should guarantee

farmers a minimum price of \$7.75 (£3 17s 6d) per ton of cane. The weighted average price for the 1962 to 1969 seasons had been \$7.08 (about £3 10s 10s).⁴⁹ If in a particular year the division of proceeds meant that growers would receive less than \$7.75, assets of the Sugar Price Stabilization Fund Board should be used to make up the difference. Ultimately, however, it was the millers who would guarantee the minimum price.⁵⁰ CSR was dismayed by the award — not only by the price formula, but by criticisms of the company contained in it. CSR judged that on the basis of the award and the existing price of raw sugar, SPSM would not be able to make a profit. The sharp rise in sugar prices in the early 1970s was not expected. The company had various alternatives. It could refuse to accept the award, but this might lead to a major confrontation with growers and sour its relationship with them for years to come.⁵¹ Or SPSM could accept the award and apply immediately under the 1961 Ordinance for a variation in the contract. But under the terms of the Ordinance, SPSM would need to show that there had been a material change in circumstances since the award had been made. This would be very difficult to prove.⁵² Instead, CSR adopted the third course. It accepted the award, but announced that after two years it would dispose of SPSM's assets.

Since no private interests were willing to buy, it was up to the newly independent government of Fiji to acquire SPSM. After prolonged negotiations, government agreed to take over all CSR's sugar assets in Fiji, including land, on 1 April 1973, after which CSR would supply managerial and technical staff pending localization and arrange the sale of sugar and molasses till Fiji took this over herself. The cost of these services, which represented a continuing though probably a relatively small income drain on the country, was to be met by SPSM's successor. Most have now been phased out.⁵³ The sticking point in negotiations was the price to be paid for the mills and transport equipment. CSR was at a disadvantage. Having said it could not make an adequate profit in Fiji, and in the absence of a second-hand market for most of its assets, it was hard to show that they were worth more than their scrap value. On the other hand, government was also at a disadvantage. Since it was seeking private capital from abroad, it dared not risk scaring investors by an arrangement that CSR might later dub as unfair. Eventually it was agreed that SPSM should be bought for \$10 million (£5 million). and CSR's landholdings for \$3½ million (£1 3/4 million). Half

the cost was to be financed by a loan from CSR in the form of debentures which were later sold to some of the Australian banks, and half was paid for out of general revenue. At one point Fiji asked the Australian government for a loan, but this was refused on the grounds that it might set a precedent if an independent Papua New Guinea were to acquire the assets of Australian companies.

The \$10 million for fixed assets except land was much less than the \$18 million CSR had originally asked for. It was also less than the \$11 to \$12 million valuation put on the assets by Naha Singh Jain, an independent assessor hired by the Fiji government.⁵⁴ Still, it was more than the company might have received if there had been less concern about the effect of the negotiations on private investors. CSR did not do too badly. In fact, when taken with the results of its milling operations in Fiji since 1960, the company had done quite well. Its anticipated losses in the early 1970s did not materialize because raw sugar prices were higher than expected. From SPSM's *Annual Reports*, for the years ended 31 December 1962 to 31 March 1970 the company's net profits after tax represented an annual average return of 11.02 per cent on the paid up value of its shares. Over the next three years, when the Denning award was in force, the return fell to 6.19 per cent. Overall, from 1962 to 1973, annual returns averaged 9.7 per cent. This was more than the Australian banks' overdraft rate, which averaged around 7.5 per cent.⁵⁵ Table 9.2 shows that CSR's surplus of receipts over expenditure for the years ended 31 December 1961 to 31 March 1973 was an estimated £10,672,486 (about \$21 million). Assuming away the 1969 change in the method of calculating the consumer price index, and assuming that the annual rate of capital expenditure from 1962 to 1967 was constant⁵⁶ and that all outgoings and receipts were paid at the end of the company's financial years when price levels have been taken, at March 1960 prices this was £7,372,554 (about \$15 million). No allowance has been made for any transfer pricing arrangements, nor for the profits — which apparently were quite large — on non sugar activities. But just taking the cash surplus from sugar production and from the sale of fixed assets except land, it is clear that CSR's net receipts were considerable. Though the size of its returns in the early 1960s encouraged an expansion of milling capacity to the benefit of those who became farmers for the first time, the repatriation of profits meant that the surplus was not available for investment locally.

Table 9.2

Estimated cash flow arising from Fiji sugar milling
activities for years ended 31 December 1961
to 31 March 1973^a

	£F
Net profits after tax ^b	9,943,294
Add back depreciation ^c	<u>5,613,374</u>
Total income	15,556,668
Add proceeds from sale of assets except land ^d	<u>5,000,000</u>
	20,556,668
Less capital expenditure ^e	<u>9,884,182</u>
Cash surplus available for repatriation	<u>10,672,486</u>

Sources: Colonial Sugar Refining Co. Ltd, *Fiji Sugar Milling Division, Profit & Loss Statement for year ended 31 December, 1961*, South Pacific Sugar Mills, *Annual Report of Directors for year ended 31 December 1962*; South Pacific Sugar Mills Ltd, *Directors' Reports for years ended 31 March 1964 to 31 March 1973*; Schedule 1, *Documents submitted by SPSM*, vol. 4; United Nations Development Advisory Team, *Report to The Independent Chairman on a study of the Fiji Sugar Industry 1974*, 128.

Notes: ^a Not all the cash flow would have occurred during this period.

^b Because of changes in methods of presenting SPSM's accounts, it is impossible to show manufacturing costs, etc. as separate items. No allowance has been made for any transfer pricing arrangements.

^c Calculated at 3 per cent of fixed assets (less land) shown in the company's annual statements.

^d Land is excluded because profits from the leasing of land, yaqara, etc. are excluded.

^e Capital expenditure in the year ended 31 December 1961 is estimated at the average of capital expenditure over the rest of the period for which figures are available.

The Eve and Denning reports could not have been more different. Yet both had advantages for CSR. Eve enabled the company to accumulate a large surplus from Fiji: Denning precipitated a withdrawal that proved to be on quite favourable terms. It is likely that had CSR stayed in Fiji the political climate would have made life increasingly hard for the company, that it would have found itself in conflict not only with the growers but more frequently than in the past also with government, and that eventually it would have been forced to leave on terms less favourable than those obtained in 1973. Many in CSR now look back with relief, mixed with some regret, that the company pulled out when it did, enabling proceeds from the sale to be invested in Australia where risks are less. From CSR's view, there could have been few better moments to leave.

The Fiji Sugar Corporation

SPSM was replaced by the Fiji Sugar Corporation (FSC), whose first Chief Executive was Mr Gwyn Bowen-Jones, former Managing Director of Bookers McConnell Ltd in Guyana. Naturally there are contrasts between SPSM and FSC. The localization of staff has been speeded up despite a shortage of experienced men, and management techniques current in Europe and North America have been introduced. Bowen-Jones's experience in overseas management was valued by CSR, which on several occasions sought his advice on the administrative reorganization of the company initiated by its General Manager, Mr Gordon Jackson⁵⁷ — a neat reversal of Fiji's normally dependent relationship with Australia. The influence of Bowen-Jones was especially apparent in the decision taken in late 1973 to embark on a major expansion of sugar production at Labasa, which required an extension of cane cultivation into the Seaqaqa region. It was hoped that by 1979 an additional 200,000 tons of cane would be harvested — an aim likely to be achieved — making this the largest single attempt to increase sugar production since before World War I.⁵⁸ Though he has not always been credited with it, the decision was taken very much on the initiative of Bowen-Jones, who saw the expansion as a means to reduce unit costs at Labasa and reverse the overall decline in Fiji's output of sugar, a decline which it was feared might lead to a loss of overseas markets. It was expected that the project would enable more Fijians to become cane growers, with important socio-political advantages. Many in Fiji believed that had CSR remained there would have been no

development at Seaqaqa, or else that the expansion would have been on a much smaller scale.⁵⁹

Yet whatever the differences between SPSM and FSC, it is the similarities between the two that are most striking. There was a deliberate attempt by government and leaders of the Federation of Cane Growers to maintain continuity, lest the transition from one organization to another 'rock the boat' and lead to inefficiencies. This may have been due to the premium placed on experience by CSR which, as Bowen-Jones found, influenced others in Fiji to think likewise; past experience should be preserved. There was also the widespread desire for stability, seen as a prerequisite for more rapid economic development than had previously been achieved. The general attitude was reinforced by the existence of an Alliance government drawing support from the Fijians and only a minority of Indians, whereas the opposition National Federation Party obtained its support almost exclusively from Indians. Reflecting its political base, government has regarded sugar as a national industry whose benefits should not be limited to the Indian community. This meant that even if it had had the resources, it was out of the question for government to provide growers with funds to buy a majority of shares in the mills. Yet without such help it is unlikely that, if a share offer had been made in the early 1970s, it would have had more success than it had had in the mid-1960s; the anticipated return on FSC shares would have been less than could normally be earned from advances to fellow Indians. So it was that no moves were made to introduce co-operative ownership of the mills. There was some talk in the Federation of pushing for this. Swami Rudrananda was particularly keen on the idea, but in the interests of stability he was dissuaded from making it an immediate issue.⁶⁰ Instead, following reports of experts from London,⁶¹ FSC was set up as an almost wholly-owned government corporation registered under the Companies Act. It was to operate on the lines of a private company. Recognizing this, in its first four years of operation FSC has paid 7½ per cent on the value of the capital in its books, \$18½ million.⁶² This represented about 13½ per cent on the original purchase price of \$10 million — a very respectable return. Had there been co-operative ownership and the dividend been distributed to the 16,300-odd growers in the industry, it would have been worth an average of about \$85 (£40 2s 6d) to each farmer a year — just under 5 per cent of the average profits from cane in the exceptionally good season of 1974.⁶³ Given the high propensity to

import consumer goods, this would have been unlikely to contribute as much to the economy as the availability of the dividend to finance certain development projects.

The important point is that the division of interest between growers and the millers has remained. This causes disputes between farmers and the FSC on questions like the burning of cane and the availability of trucks to transport the cane. It encourages FSC to concentrate research on areas that will increase its profits, rather than on such areas as the development of mixed farming (though some work has been done on this) which will almost exclusively benefit the growers. It encourages FSC to insist that farm advisers (extension workers) be responsible to field officers, instead of the Agricultural Experimental Station as was recommended in the UNDAT report on the sugar industry in 1974. FSC argues that apart from milling its main activity is organizing the harvesting and transport of cane; its subordinate function is to improve cane cultivation. Since field officers manage the harvesting and transport processes, they should occupy a more senior position than farm advisers. If the latter were responsible to the Experimental Station there would be two lines of management and divided control.⁶⁴ The trouble with this is that growers have a high regard for the work of the Experimental Station, and would be more likely to accept advice on matters like fertilizer application if it came through men responsible to the station rather than through field officers who are less respected; the latter are sometimes — unjustifiably — identified with officers who treated growers harshly in CSR's day. Government ownership also reduces the interest of farmers in the profitability of the mills, so that as growers seek to increase their incomes there is less of a check on demands for a larger share of the proceeds. Following a request by farmers for a revision of the Denning contract to give them an 80 per cent instead of 65 per cent share, on the recommendation of the UNDAT team they were awarded about 70 per cent.⁶⁵ In 1978 growers' representatives and the FSC agreed to modify this formula to allow a larger share of proceeds for growers if production exceeds 325,000 tons of cane per season. The new formula is due to take effect in 1980. Some wonder if FSC's share of proceeds will leave it with a sufficient margin to maintain desired capital expenditure. Were the mills co-operatively owned, it is likely that growers' leaders would be more sensitive to such matters. Conflict within the industry, then, not only between growers and the millers but also — and of great importance — between

millworkers and FSC,⁶⁶ limits the potential contribution the industry can make to economic development in Fiji.

In the absence of co-operative ownership, discussions have been held on how to rationalize the existing structure of the industry. A statutory cane growers' association to which all farmers would belong has been suggested, but Ministers believe that this should come through the voluntary efforts of growers rather than through government imposed legislation. A cane growers' association, possibly financed at first by the Sugar Price Stabilization Fund, might be in a position to assume responsibility for the provision of growers' services, research into areas of concern to farmers, and the organization of the harvesting and transport of cane. This would leave FSC in the more economically rational position of being responsible solely for milling, which is where its main expertise lies. If growers organized extension work, the transport system, etc., it might be easier to solve the many niggling arguments which occur during harvesting. Farmers would have a direct interest in improving the efficiency of the transport system and farm advisory services; they have frequently complained that the millers do not spend enough on these. Coming from their own organization, growers might be more willing to listen to advice on farm management, especially on multiple ratooning and burning. If they were more responsible for research and the application of its results, more attention might be paid to mixed farming, which is standard practice in many other producing countries.⁶⁷ All this would require that, instead of arguing among themselves, growers work together in such an organization. Many doubt that this is possible. The harmonious relations that have usually existed in the Sugar Advisory Council suggest that it is. Yet however successful, such a scheme would not eliminate the basic conflict between growers and FSC. It might actually increase it, since differences between the farmers and the millers could take the form of an open struggle between the Alliance-owned (in effect) FSC, and a Federation-dominated growers' association. Political and perhaps racial conflict in Fiji might then be increased, adding to the insecurity which already exists among Indians, and so deterring capital investment.

FSC's potential contribution to economic development is further limited by its dependence on overseas markets. The minute size of her exports in relation to the world supply of sugar means that Fiji has little control over

prices. She can collaborate with other producers, but even acting together their room for manoeuvre is limited. If prices reach very high levels, as they did in 1974, it can be expected that demand will drop, the substitution of artificial sweeteners in place of sugar will occur and new producers will enter world trade; the world price will then fall, as happened in 1975 and 1976. And if the fall is sustained, prices under long-term agreements could be affected. Of special importance is the recent development of fructose glucose syrups which are manufactured from starch (almost exclusively maize). The syrups have comparable sweetness to sucrose and are cost competitive when the price of raw sugar is high. Modern technology makes it possible to produce starch sweetener at short notice, if necessary. In the medium term the availability of this substitute limits the potential rise in the price of raw sugar, though in the long term the position is not so clear since cane sugar processing meets many of its energy needs by using fibre in the cane. It is comparatively less energy intensive than the manufacture of starch sweeteners, and this would be of advantage if energy costs continue to rise in real terms. Nevertheless, the long-term level of demand for sugar is expected to rise at a slower rate than in the past, largely because the world's largest importers are the industrialized countries where *per capita* consumption is tending to fall as a result of health factors and increased competition from substitutes. The market in developing countries is not growing sufficiently fast to create a rapid growth in world demand overall.⁶⁸

Besides access to the United States and Canadian markets, Fiji has long-term agreements for the sale of sugar to New Zealand, Malaysia and Singapore. By far the most important agreement is with the European Economic Community. Under the Lomé Convention, the sugar provisions of which superseded those of the CSA and which came into force on 1 April 1975, Fiji can sell to the EEC for an indefinite period about 166,000 metric tons of raw sugar a year, at an annually negotiated price in the range of that paid to EEC beet producers. This is very different from the negotiated price formula under the CSA, which for specified quantities of sugar virtually allowed automatic price rises in line with increases in production costs. Since 1975 prices under the Lomé Convention have gone up by much less than the production costs of ACP — African, Caribbean and Pacific — exporters covered by it. This has partly been because inflation rates in ACP countries have generally been higher

than in the EEC. But it has also been because the Community has become a major exporter of raw sugar, following the world shortage in 1974-75. This has meant that the 'natural' market in Britain for Commonwealth producers has disappeared. Under the CSA Britain reserved about two-thirds of her market for Commonwealth sugar. This market can now be supplied entirely from within the EEC, with the Community still having a surplus for export. The Lomé Convention's obligation on the EEC to import each year 1.4 million metric tons from ACP producers has forced the Community to export large quantities of domestic beet sugar. In gross terms, the EEC is now the largest exporter of raw sugar in the world. The presence of a sugar 'mountain' has encouraged the EEC to grant minimal price rises to beet growers, and hence ACP producers, while the end of the natural British market for Commonwealth exporters has weakened their bargaining position. Moreover, with the EEC now a large exporter, its participation is probably essential if the International Sugar Agreement, negotiated in 1977, is to stabilize at higher levels the current world free price of sugar. And given the deficiencies of the Lomé Convention (in the view of ACP producers), an effective ISA is especially important for Fiji as well as for other ACP countries. Yet because of its sugar surplus the EEC has refused to sign the ISA.⁶⁹

Dependence on overseas markets brings other problems.⁷⁰ Tariff barriers deny Fiji the opportunity to increase its earnings by exporting high quality sugar — say plantation white of 99° polarization. Industrialized nations have also imposed tariffs to keep out imports of refined sugar. Perhaps Fiji could produce industrial alcohol. But again the country would be at a disadvantage because, with part of the molasses from sugar being extracted during the refining stage, it would be more difficult to provide the distillery with a large enough supply to obtain economies of scale. Furthermore, to be viable the plant would need to produce for export as well as for the home market. Yet potential markets overseas are dominated by distilling companies which have an interest in preventing the import of a competitive product. In any case, their economies from producing on a larger scale make it unlikely that Fiji could compete. In 1974 a Japanese company considered building a distillery in Fiji, because Japan was tightening up on anti-pollution laws and the company wanted to export pollution to Fiji instead. Negotiations with government broke down on this issue and partly because the bottom fell out of the industrial alcohol market. If the market improves, it still seems unlikely

that a distillery would be built in the country unless the waste-disposal problem were solved. Yet if technology were to make a solution possible the incentive for the Japanese to invest in Fiji would be reduced; they would be likely to prefer the economies of scale from producing industrial alcohol in Japan. The amount of value, then, which Fiji can add to the sugar she already makes is limited. And so, although the industry will continue to earn valuable foreign exchange and will provide a livelihood for a large number of people in the country, there are severe restrictions on its potential contribution to economic development in Fiji.

Chapter 10

Conclusion

CSR's contribution or otherwise to economic development has always been a controversial matter in Fiji. Sir John Thurston, who did so much to encourage the company to build Nausori, soon had doubts about how far the colony would actually benefit from CSR's activities. Since then others have had similar reservations. In the 1950s and 1960s the question of CSR's contribution to the economy became a major issue.

In fact the gains to Fiji from the sugar industry have been quite considerable. The establishment of plantations led to the creation of substantial social and overhead capital in the form of transport facilities, telecommunications, electricity and water supplies, schools, clinics, etc.¹ Previously idle land was brought into productive use, and employment — albeit under dreadful conditions — was provided for Indians, many of whom were destitute before they migrated. To some degree these benefits would have existed irrespective of the plantation crop. But the fact that sugar was grown was of great advantage to Fiji, since sugar is thought to give higher net returns to land and labour than many other tropical crops.

The long-term survival of the industry depended on a substantial inflow of capital. This might have been supplied by Australian and New Zealand banks, which in the late nineteenth century were financing some of the smaller mills in Fiji. Instead, large-scale investment was undertaken by CSR, which already had expertise in sugar and was developing a large milling capacity in Australia. This benefited Fiji. The number and size of CSR's mills reduced the unit costs of research, perhaps helping the company to be more innovative than if it had been operating in Fiji alone. Gradually, CSR acquired an expertise in the manufacturing process which has put it at the forefront of milling technology. Though its cultivation work was not always advanced,² the company's research into cane

breeding, disease control and the like was helped by the exchange of results between its Fiji and Queensland establishments. In 1973 the company bequeathed to FSC an extensive collection of cane seedlings which are invaluable for research, and which apparently have been the envy of places like Hawaii.³ The high quality of Fiji's sugar has been one reason why she has obtained a foothold in the important United States market, as well as being able to sell elsewhere. Another has been the extent of CSR's marketing resources. Beside selling Fiji's sugar, as agent of the Queensland government since 1923 the company has marketed all the sugar produced in Australia. By World War II Australia had become the largest single exporter of raw sugar in the Commonwealth and one of the largest in the world. The result was economies of scale in marketing which had advantages for Fiji. The unit cost of paying relatively high salaries to attract top quality staff was lower, while the acquisition of markets for Fiji owed something to the experience gained, and the extensive network of contacts made, by the company from marketing exceptionally large quantities of sugar. Thus one of the legacies of CSR has been an industry capable of producing excellent sugar with markets in which to sell that sugar. It is possible that one or several companies operating exclusively in Fiji would not have done so well.

The structure of the sugar industry since the 1920s has brought particular benefits to Fiji. Indeed, the introduction of the smallfarm system has been regarded as one of CSR's major achievements. The scheme's success depended on the company providing growers with certain external economies of supervision, research, etc. As a result, at virtually no cost to CSR, growers received higher incomes than if they had remained as labourers, and to some extent these incomes have had a multiplier effect through the rest of the economy. Moreover, it seems that since the 1930s costs of production have risen less rapidly under the smallfarm system than they would if cane had been grown on estates with wage labour. Between 1939 and 1973 average cane prices went up by 647 per cent: in the same period the average unit cost of non-salaried mill workers rose by almost twice that — by over 1,163 per cent.⁴ The slower rise in cane prices can be partly attributed to the relation since 1940 between the price of cane and that of sugar. Movements in the wages of millworkers on the other hand have been much less affected by changes in the sugar price. It is likely that if cane had been grown

on estates, as in the mills there would have been strong pressure for the wages of labourers to increase at a faster rate before 1973 than did the earnings of cane farmers. This is because estate workers are more easily mobilized by union leaders than scattered, and relatively conservative, peasant farmers. The brake on labour cost increases which has been imposed under the smallfarm system is one reason why the cost of producing raw sugar in Fiji, estimated at about £50 a ton in 1974, was well under half the average cost in the Commonwealth Caribbean where cane is grown mostly on estates.⁵ This cost-competitiveness has not only made possible an expansion of sugar production but gives the Fiji industry a relatively secure long-term future at a time when the world market for sugar is uncertain.

Clearly, the sugar industry has had an important impact on the development of the economy. Yet in view of Fiji's concern with the problems of economic development, the question is why this impact has not been greater. Apart from price constraints imposed by the nature of the world market, one reason is that most of the value in the final product has been added outside Fiji. George Beckford has emphasized how plantation enterprise is often vertically integrated into the rest of a company's operations.⁶ This was not so much the case with CSR's interests in Fiji after the 1920s, for apart from the sale of molasses to its Australian distilleries and sugar to its Auckland refinery, most of its Fiji output was transported in non-CSR ships to non-CSR refineries. It was left to other firms to profit from handling and processing sugar once CSR had finished with it. Yet these companies were foreign owned, so that as far as Fiji was concerned the effect was the same as if the industry had been more closely integrated into CSR's other activities. Profits from transporting sugar to markets in Europe, North America and elsewhere have been made by Elder Smith Goldsbrough Mort Ltd, the Australian shipping brokers used by CSR; they are still used by the Fiji Sugar Marketing Co. Ltd, which has been responsible for selling Fiji's sugar since 1 April 1977. Then, of course, returns from refining sugar and producing confectionary, etc., as well as the gains to CSR from distilling molasses, have not accrued to Fiji either. Similarly, inputs of machinery, fertilizer and, to some degree, fuel for the mills have come from abroad. Thus, as is so often the case with plantation enterprise, many of the forward and backward linkages from sugar production have occurred largely outside the Fiji economy.

Also important have been other limits placed on the amount of income created within Fiji by the sugar industry. They include efforts by millers and plantation owners to keep down labour costs in order to maximize profits. The need for cheap labour explains largely the main developments in the history of the industry — the introduction of indentured labour, the transition to smallfarming and the disputes between growers and CSR. The indenture system enabled planters to keep wages below their free market rate. On plenty of occasions, especially in the 1920s and 1930s, CSR used its dominant position in the labour market to hold down the wages of free Indian labourers; before 1940 it extracted forced labour at wages below the market level. The company tried to pay the minimum price for cane, doubtless thinking this was necessary for the success of its operations, but it seems that in the 1940s CSR could have afforded a higher price. One result of low wages and cane prices was that, till fairly recently, there was little incentive for Fijians to become involved in the cash economy either as plantation labourers or cane growers. Many were left on the periphery of a peripheral economy. Another was that the purchasing power of Indians, and hence the general level of economic activity, was limited. The conflict of interest between CSR, which wanted to maximize its earnings, and growers who wanted to maximize theirs, caused income to be lost through strikes and the many small disputes which impeded the efficient harvesting and transport of cane. Finally, the size of the Indian population today stems ultimately from the industry's demand for cheap labour. Yet the conditions on which plantation agriculture was allowed to flourish in Fiji — namely, that Fijians retain control of most of the land — has made it more difficult for Indians to feel they belong to the country which is now their home. The insecurity which results has encouraged many, especially Gujerati storekeepers, to repatriate some of their incomes to India or (of recent importance) to relatives in Canada. The amount available for expenditure within Fiji has been correspondingly reduced. There is the possibility, too, of mounting tension between the Fijians and Indians. If this happens, it will undermine the political stability which is necessary for economic development.

Sugar's contribution to income growth has been further limited by Fiji's dependence on imports, which has been partly due to the unequal distribution of income.⁷ The sugar industry has contributed to this by minimizing the cost of labour while at the same time, especially before

the 1960s, it relied on skilled expatriate staff who were attracted to Fiji at salaries comparable to the high rates in Australia. In 1936 about 12.5 per cent of Europeans employed in the colony were directly engaged in the sugar industry; in 1956 the proportion was about 10 per cent.⁸ To this should be added the Europeans employed in such other activities as wholesaling and retailing, which depended heavily on the income created by the sugar industry. Accustomed to consumer articles produced abroad, the European élite (which is now outnumbered by well-to-do Indians and Fijians) imported foodstuffs and clothing, for example, instead of buying items produced locally. The demonstration effect of imports may have increased resistance among Fijians and Indians to goods of lower quality but produced within Fiji. The fairly recent development of import substitute industries, such as beer and cigarettes, might have occurred sooner if income had been more equally distributed. The demand for high quality imports might then have been less, while that for lower quality domestic products might have been greater. In other words, with its high incomes eating a large slice of the national cake, the élite created by the sugar industry dropped few crumbs for the local population.

Not only has there been a leakage of funds abroad through the purchase of imports, but there has also been leakage caused by the repatriation of CSR's profits. From 1887 to 1910 the company's annual average return before tax in Fiji was 6 per cent which compared unfavourably with the 6 to 9 per cent charged on overdrafts by Australian trading banks in the period. From 1915 to 1923 the Colonial Sugar Refining Co. (Fiji and New Zealand) Ltd yielded an annual average return of 14.7 per cent, twice the Australian overdraft rates. Assuming no revaluation of CSR's assets in 1941, from 1924 to 1943 returns before tax averaged about 7.3 per cent a year, compared with the interest on Australian bank overdrafts of between 4.25 and 8 per cent. From 1939 to 1950 average annual returns before tax were 14.73 per cent, whereas Australian overdraft rates ranged from 4.25 to 5 per cent. Between 1950 and 1960 returns averaged about 7.5 per cent and Australian overdraft rates were between 4.5 and 6 per cent. From 1962 to 1970 average returns after tax on paid up capital in SPSM were 11.02 per cent, well above the maximum overdraft rate in Australia. But because of the effect of the Denning award, from 1971 to 1973 the average return fell to 6.19 per cent, which was slightly below the maximum overdraft rate.

However, the figures have to be treated with care. Profits since 1923 have been measured against the value of assets (plus an allowance for working capital and stocks) shown in CSR's half-yearly reports to 1960, and against the paid-up value of SPSM's shares after 1962. In judging how accurate these asset valuations were, ideally the historian would calculate the amount CSR invested in the industry each year, and convert this into real values by using a price index. But no price index exists for the years before 1939 (though one could be constructed), while figures for CSR's investment in Fiji before 1943 are incomplete. Thereafter, trade reports show the value of imports of sugar milling machinery, rails, locomotives and parts, and rolling stock and parts, though the values are expressed in f.o.b. terms which underestimate total capital expenditure. Before 1943 figures for some of the years are unavailable, while there are no figures for rolling stock and parts (which were important components of total investment). Thus CSR's annual capital expenditure can only be estimated very approximately, and this makes it impossible to calculate accurately the value of assets at the end of each financial year. Moreover, the profit figures do not allow for transfer pricing arrangements. For a long period Fiji's molasses was sold for less than its value on the open market, so reducing the returns from milling. At times, head office expenses may have been too high. Furthermore, CSR's allowance for depreciation and replacement seems to have been excessive. Though total capital expenditure since 1940 appears to have exceeded the sums charged to depreciation, much of the expenditure was designed to increase the capacity of the mills. Expenditure on replacing old machinery was probably about equal to, or less than, amounts put aside over the period to cover depreciation. From 1924 to 1940 the depreciation allowance was more than total capital expenditure, which included the purchase and the enlargement of the Penang mill. No doubt before 1924, when machinery was relatively new, depreciation charges would have exceeded replacement expenditure by an even larger amount. It may well be, then, that profits were bigger than the quoted figures suggest.

In terms of their significance for the Fiji economy, what counts is not profits shown as a percentage return on investment but the total cash surpluses which CSR could remit abroad. The surpluses were considerable. By 1911 the company had been able to repatriate in profits at least as much as it had invested in the colony. The return of over 118 per cent from 1915 to 1923 implies that during

those years CSR again could have repatriated an amount equal to, or more than, its original investment in Fiji. Thereafter, as Tables 6.6, 7.13, 8.9 and 9.2 have shown, CSR was able to take out of Fiji in profits over twice as much as it put in as investment. If anything, the surplus was larger still, since estimates of capital expenditure before 1950 have been designed to over- rather than under-state the true position. In relation to the size of the Fiji economy, the amounts available for repatriation were pretty large. They might have added substantially to national income if they had been reinvested in Fiji.

The sugar industry's contribution to economic development was further limited by CSR's failure to encourage the maximum use of land — a failure which stemmed from the company's specialization in sugar. In 1959 the Burns commission noticed large areas of CSR-controlled grazing land lying adjacent to Indian cane farms, particularly in the provinces of Ba and Ra. Much of the land was overstocked with growers' cattle, a tendency of little concern to CSR since it was not reflected in the company's profit and loss accounts. CSR was criticized for taking less care of these areas than land which it had leased for cane farming. The commission also noted that Stockdale in 1936, Shephard in 1945 and Sir Geoffrey Clay in 1954 had all emphasized the need for research into ways that cane might be integrated into a system of mixed farming which would increase growers' incomes; yet nothing had been done about it.⁹ In the 1930s CSR had feared that the development of alternative crops would draw labour away from the sugar industry: but it made little effort to see if crops whose labour inputs were complementary to cane could be grown. As underemployment increased after the 1930s, the danger that new crops would compete for labour was much less. There was every reason to think that Indians would adopt a system of mixed farming if it could be devised. Depending on labour requirements, the opportunity cost to the farmer of growing additional crops would be low since for much of the year cane demands relatively little attention. Markets were not necessarily a constraint; in 1947 there were complaints from New Zealand that Fiji's supply of peanuts, which can be grown with cane, was not large and reliable enough.¹⁰ Many Indians grow rice and dhal, among other crops, on plots adjacent to their farms, or on their farms. What was needed was to extend the opportunities for mixed farming, but CSR's dominant position in the economy encouraged government to leave research on such questions to

the company. And CSR gave it low priority since mixed farming would not have contributed directly to profits (though it might have increased the sense of wellbeing among growers which would have been to the company's advantage). Consequently, Indians were deprived of the opportunity to employ some of their surplus labour.

Finally, the industry which has always been risky has been made even more high risk by the current uncertainties over the future markets for sugar. Unlike the CSA, the Lomé Convention does not offer the prospect of automatic price rises to meet increases in the average unit production costs of sugar exporters covered by the agreement. And with the end of a 'natural market' in Britain for Fiji's sugar, the industry is more dependent than ever on political forces overseas. Moreover, now that the EEC has become a large exporter of sugar and has not signed the International Sugar Agreement, the medium-term outlook for the free world market is not bright. If the market remains depressed, when the time comes it will be hard to negotiate with New Zealand, Malaysia and Singapore new long-term marketing arrangements as favourable to Fiji as the existing ones. Together with limits on the contribution of sugar to economic development, this could create a situation where it would have been desirable to shift resources — to a greater or lesser extent — away from sugar to the production of exports whose markets are more secure and perhaps more remunerative, or to the production of goods for domestic consumption. Yet the cost of this would be high because of the amount of capital committed to sugar production. Since the plant (apart from the rail system) is highly specific to the industry, for the most part it cannot be used for the production of other goods; nor can it be easily sold. Thus most of the investment in mill machinery, for example, would have to be written off, thereby largely — or totally — negating the gains from diverting resources away from sugar. So it is that there are few choices open to Fiji on how to combine factors of production presently engaged in sugar. There is little alternative but to allow a large sector of the economy to remain dependent on a crop which is high risk, and whose potential to contribute further to economic development is relatively small.

It is clear, then, that although sugar has helped to develop the Fiji economy, the very nature of production has imposed severe limits on the extent of its contribution. The question remains of how benefits from sugar have been

distributed within Fiji. This is difficult to answer, yet a tentative assessment can be made. What counts is not total gains, but net gains — i.e. total gains less any costs. Now there can be no doubt that the owners of capital have done well. Even if CSR did not make super profits, the earnings it could repatriate from Fiji were pretty large — at least, they were large enough to persuade the company to invest periodically in an expansion of the industry. Repatriated profits were available for investment in the Australian sugar industry, and since the 1930s in the diversification of CSR's activities. Merchant capital also benefited since the income generated by the industry through salaries, wages and payments for cane created a demand for merchandise. Money-lenders made profits on advances to growers. Though the limited spread effects of the industry placed restrictions on the expansion of trade, the net gains to merchant capital — as well as to CSR — were very considerable.

Government benefited from the revenue contributed by sugar not only directly but indirectly, through the industry's stimulus to trade. Customs duties accounted for 58 per cent of total revenue in 1913, 54 per cent in 1939 and 44 per cent in 1974.¹¹ Though the industry created new problems for officials, especially in governing the Indian population, it also helped the administration maintain political control. Investment by sugar companies in the late nineteenth century strengthened government's hand against critics who thought the native policy was hindering trade. Much later CSR acted as a buffer between the administration and Indians, deflecting some of the latter's anti-European sentiment away from government towards the company. The chiefs in cane districts have obtained a large share of the rents from land. Thirty per cent of rents from areas under their authority are paid to the heads of the *vanua* (or confederation of *yavusa*), the heads of the *yavusa* and the heads of the *mataqali*, the land-owning units who comprise the *yavusa*. In 1959 it was not uncommon for the head of the *vanua* to receive £200 to £300 a year in rent.¹² The sums would have been larger if the terms on which land was originally leased had permitted reassessments of rent, in order to maintain its real value. Reassessments during the lease have occurred only since the late 1960s. Nevertheless for the chiefs, and also for government, gains from the sugar industry have far outweighed the costs.

For the great majority of Indians and for Fijian commoners net gains were probably not so large. True, they

have benefited from government expenditure financed by the revenue raised as a result of the sugar industry. Expenditure on health, for example, has led to a sharp fall in the infant mortality rate from thirty-nine deaths per 1,000 in 1958 to twenty-five in 1967.¹³ It would be interesting to examine the distribution of government expenditure between Indians and Fijians on the one hand, and Europeans on the other: the distribution between Indians and Fijians would also be interesting. It is likely that for many years *per capita* expenditure favoured Europeans. Gillion notes that in 1928 over all those aged 5 to 14, government spent £8 per head on educating Europeans, 12s on Fijians and 5s on Indians.¹⁴ Yet even if it was found that in general Indians benefited least from government expenditure, no one can deny that materially most are far better off now than if their parents or grandparents had stayed in India. But this higher standard of living has been attained at considerable cost. The humiliating circumstances under which indentured labourers were brought to Fiji is still a source of resentment today. Of course, a number of Indian businessmen are also descended from indentured labourers, but the majority are either 'free' migrants themselves or the descendants of free migrants. Thus, most of the cost of the indenture system has to be set against the gains of Indian farmers rather than against the gains to merchant capital. Moreover, instead of owning the land, growers are tenants occupying leases whose terms have never exceeded thirty years. Insecurity of tenure has made it very difficult for farmers to feel that they belong to Fiji: yet unlike Gujarati migrants who dominate much of business and have close ties with India, they have no other home. And then there is the underutilization of land and labour associated with the spread of plantation enterprise, which prevents the sugar industry making a bigger contribution to solving the problem of underemployment in cane areas. Although the gains from sugar production outweigh these costs, it is likely that attention will focus increasingly on the ways the sugar industry has limited — and still limits — Indian economic advancement.

Fijian commoners have also benefited from sugar. Some have obtained casual and off-farm employment in the sugar mills and cane harvesting gangs. A growing number are becoming cane farmers as well. At the 1966 census 5,269 Fijians were engaged in the sugar industry, mostly in the cultivation of cane.¹⁵ Those in sugar districts have received rents which would not have been available but for

plantation agriculture. Yet the size of this income has been small, partly because of the failure to reassess rents till recently, and partly because of the 30 per cent share paid to the chiefs and the further 25 per cent which goes to the NLTB to cover its expenses. After these deductions, in 1958 the average annual rent received per head of the Fijian population in Ba and Macuata, both cane provinces, was only £1.78 and £1.81 respectively. Nor has the chiefs' portion usually been invested so as to increase village incomes. As Spate put it in 1959, 'the chiefs, the natural leaders of society, have often in sober truth been debauched by easy money, while most people receive a pittance scarcely worth saving'.¹⁶ Like Indians, many Fijians are also suffering from the limited spread effects of sugar which make it harder to find jobs. As the population grows and the spread effects of the industry (and other sectors of the economy)¹⁷ remain comparatively small, the shortage of land already evident in some districts will become steadily more acute. Yet the price Fijians must pay to reoccupy areas which are leased is racial conflict on a scale that the vast majority wish to avoid. To many Fijians, it must seem that the problems connected with land outweigh much of the benefits received from sugar.

So it is that while the owners of capital, government and many of the Fijian chiefs have done quite well from sugar, net gains to the mass of the Indian population have not been so great, while for commoners net gains have been relatively small. In 1879 Thurston had promised Gordon with reference to potential sugar investors, 'I shall do all I can to induce them to embark their money without making any sacrifices.' After nearly one hundred years, it seems that Fiji has made larger sacrifices than Thurston expected.¹⁸

Notes

Chapter 1

¹Census report for 1966, *C.P.* 9/1968.

²*DP 7: Fiji's Seventh Development Plan, 1976-1980*, 1.

³International Monetary Fund, *Financial Statistics* (1977).

⁴*DP 7*, 15.

⁵*ibid.*, 2.

⁶'The Trade Report for the Year 1973', *P.P.* 21/1974.

⁷For an account of Apolosi and the Viti Company see Timothy J. Macnaught, *Mainstream to Millpond? The Fijian Political Experience 1897-1940*, 202-36.

⁸During World War II the proportion was well over half.

⁹P.T. Bauer and B.S. Yamey, *The Economics of the Under-Developed Countries*, 79-81. See also H. Myint, *The Economics of the Developing Countries*.

¹⁰For an introduction to the literature on development economics see H.C. Brookfield, *Interdependent Development*.

¹¹Lloyd Best, 'A model of pure plantation economy', *Social and Economic Studies*, 17 (1968), 283-326; George L. Beckford, 'The Economics of Agricultural Resource Use and Development in Plantation Economies', *Social and Economic Studies*, 18 (1969), 321-47; George L. Beckford, *Persistent Poverty: Underemployment in Plantation Economies of the Third World*. For a criticism of their views see Denis M. Benn, 'The Theory of Plantation Economy and Society: A Methodological Critique', *Journal of Commonwealth & Comparative Politics*, XII (1974), 249-60.

Chapter 2

¹R.A. Derrick, *A History of Fiji*, 197.

²For an account of European settlement in the 1860s and early '70s see John M.R. Young, *Frontier Society in Fiji, 1858-1873*.

³Peter France, *The Charter of the Land: custom and colonization in Fiji*, 38.

⁴Prices were said to have risen from between 2s and 5s an acre in 1866 to 17s to 20s in 1969. France, 47. Unless otherwise stated, hereafter all values will be expressed in Fiji currency and all weights in long tons.

⁵Young, 317-18.

⁶*ibid.*, 106.

⁷The British Consular Report for 1869 noted that a number of recent settlers had come with £2,000 to £3,000. Quoted by Evelyn Stokes, 'The Fiji cotton boom in the sixties', *New Zealand Journal of History*, 2 (1968), 169.

- ⁸See Deryck Scarr, 'Creditors and the House of Hennings: An Elegy from the Social and Economic History of Fiji', *Journal of Pacific History*, 7 (1972), 104-23.
- ⁹Stokes, 175.
- ¹⁰Young, 285.
- ¹¹Stokes, 174-75.
- ¹²Young, 289.
- ¹³Derrick, 197.
- ¹⁴Deryck Scarr, I, *The Very Bayonet*, 210.
- ¹⁵Scarr, 'Creditors and the House of Hennings', 107.
- ¹⁶For an account of experiments with these crops see R. Gerard Ward, 'Land use and land alienation in Fiji to 1885', *Journal of Pacific History*, 4 (1969), 3-25.
- ¹⁷J.C. Potts, 'The Sugar Industry in Fiji. Its Beginnings and Developments', *Transactions & Proceedings of the Fiji Society*, 7 (1958-59), 108-9.
- ¹⁸*Fiji Times*, 13 Dec. 1871.
- ¹⁹John Horne, *Remarks on the Agricultural Prospects of Fiji*, 3.
- ²⁰*Fiji Times*, 21 Dec. 1872.
- ²¹Horne, 4.
- ²²*Fiji Planting and Commercial Directory*, 1879. A handbook of Fiji.
- ²³Harry T. Easterby, *The Queensland Sugar Industry. An Historical Review*, 8.
- ²⁴*Fiji Times*, 11 Sept. 1872.
- ²⁵*ibid.*, 5 Sept. 1874.
- ²⁶Potts, 110-21.
- ²⁷*Fiji Times*, 26 Dec. 1874.
- ²⁸*ibid.*, 14 July 1877.
- ²⁹Potts, 109-21.
- ³⁰*ibid.*, 111-12.
- ³¹Horne, 5.
- ³²*Fiji Times*, 9 Nov. 1878.
- ³³J.D. Legge, *Britain in Fiji, 1858-1880*, 247-49.
- ³⁴Alec J. Ivimey, 'Fiji', *The Victorian Review*, 1 Aug. 1882.
- ³⁵Stanmore, 1st Baron, *Fiji: Records of Private and of Public Life 1875-1880*, II, 198.
- ³⁶The term 'indirect rule' as applied by Legge needs to be qualified. Deryck Scarr in 'A Roko Tui for Lomaiviti: the question of legitimacy in the Fijian Administration 1874-1900', *Journal of Pacific History*, 5 (1970), 3-31, has shown how government proclaimed a policy of indirect rule, but then at times tried to rule directly through Fijians who held office at the will of government. When this proved ineffective, government reverted to indirect rule, the policy it had embarked upon originally.
- ³⁷Altruistic motives for the policy are stressed by Legge, chs. 7-12, and J.K. Chapman, *The Career of Arthur Hamilton Gordon First Lord Stanmore*

- 1829-1912, ch. 5. Political realities are emphasized by K.L. Gillion, *Fiji's Indian Migrants. A history to the end of indenture in 1920*, Ch. I.
- ³⁸Stanmore, IV, 70.
- ³⁹J.B. Thurston, *Fiji. Report upon the trade and commerce of the Colony for the Year 1876*, 1.
- ⁴⁰*Fiji Times*, 22 Apr. 1874.
- ⁴¹Stanmore, I, 137.
- ⁴²Gillion, *Fiji's Indian Migrants*, 8-9.
- ⁴³Gordon to Selborne, 16 May 1878, in Stanmore, III, 137-38.
- ⁴⁴Thurston to Gordon, 20 May 1880, reprinted in full by Potts, 127-29.
- ⁴⁵Deryck Scarr, *Viceroy of the Pacific*.
- ⁴⁶*ibid.*
- ⁴⁷Scarr, 'Creditors and the House of Hennings', 106-7.
- ⁴⁸Gillion, *Fiji's Indian Migrants*, 5.
- ⁴⁹Carnarvon to Gordon, 3 April 1877, in Stanmore, II, 506; Chapman, 173.
- ⁵⁰For an account of efforts to balance the budget between 1875 and 1888 see R.B. Joyce, *Sir William MacGregor*, Ch. 4.
- ⁵¹Thurston to Gordon, 15 Sept. 1878, in Stanmore, III, 413.
- ⁵²Gordon to Carnarvon, 26 Sept. 1876, in Stanmore, II, 161-64.
- ⁵³Thurston's involvement in the native tax scheme is described by Scarr, *Viceroy of the Pacific*, Chs. 2 & 7.
- ⁵⁴Stanmore, I, 178.
- ⁵⁵Legge, 175-77.
- ⁵⁶Gordon to Carnarvon, 8 March 1877, in Stanmore, II, 344.
- ⁵⁷Thurston, 2.
- ⁵⁸Chapman, 202.
- ⁵⁹Legge, 170.
- ⁶⁰Gordon to Carnarvon, 21 Aug. 1875, Stanmore, I, 168-70.
- ⁶¹There is controversy about the motivation of Gordon's land policy in 1879-80. France (Ch. 7) has argued that Gordon was greatly influenced by the anthropologist Lorimer Fison's views on customary land tenure in Fiji. This has been challenged in favour of greater emphasis on political necessity by Ian Heath, 'Toward a Reassessment of Gordon in Fiji', *Journal of Pacific History*, 9 (1974), 81-87.
- ⁶²France, 113, 120.
- ⁶³Legge, 193-94.
- ⁶⁴It was estimated that only 16,524 acres were actually cultivated by Europeans in 1874. Legge, 170.
- ⁶⁵Cave to Thurston, 16 Oct. 1879, C.S.O. 2397/82.
- ⁶⁶Gordon to C.O., 60, 25 May 1880, C.O. 83/22.
- ⁶⁷For an account of Gordon's involvement in these companies see Deryck Scarr, *Fragments of Empire: a history of the Western Pacific High*

- Commission 1877-1914*, 264-78. See also J.F. Hookey, 'The establishment of a plantation economy in the British Solomon Islands Protectorate', *The History of Melanesia*, Second Waigani Seminar, 229-38.
- ⁶⁸Norma McArthur, *Island Populations of the Pacific*, 26. Fijians were more useful as a source of seasonal labour — a role still of great importance today.
- ⁶⁹Maudslay to Hunter, 21 Dec. 1876, C.O. 881/5. A similar view was expressed by Thurston in 1878. Gillion, *Fiji's Indian Migrants*, 2.
- ⁷⁰Chiefly opposition to the recruitment of Fijian labour has been discussed by Legge, 259-60.
- ⁷¹For accounts of this see O.W. Parnaby, *Britain and the Labor Trade in the Southwest Pacific*; Deryck Scarr, 'Recruits and recruiters: a portrait of the Pacific Islands labour trade', *Journal of Pacific History*, 2 (1967), 5-24; Peter Corris, *Passage, Port and Plantation. A History of the Solomon Islands Labour Migration 1870-1914*.
- ⁷²Corris, 39-40.
- ⁷³*ibid.*
- ⁷⁴Gordon to C.O., 50, 9 Sept. 1875, C.O. 881/5.
- ⁷⁵Stanmore, I, 129.
- ⁷⁶Gillion, *Fiji's Indian Migrants*, 13.
- ⁷⁷Layard to Foreign Office, 5 June 1874, C.O. 881/4.
- ⁷⁸Gillion, *Fiji's Indian Migrants*, 16, 104.
- ⁷⁹*ibid.*, 214.
- ⁸⁰Hugh Tinker, *A New System of Slavery. The Export of Indian Labour Overseas, 1830-1920*.
- ⁸¹Gillion, *Fiji's Indian Migrants*, 104.
- ⁸²*ibid.*, 127-28.
- ⁸³This is based on important work being done by Mr Brij Lal at The Australian National University. I am grateful to Mr Lal for allowing me to quote these findings, even though they are at a very preliminary stage.
- ⁸⁴Gillion, *Fiji's Indian Migrants*, 191.
- ⁸⁵In a speech to settlers on 1 Nov. 1880, Gordon declared that the Colonial Sugar Refining Co. was sagacious enough to realize that future supplies of labour must be drawn from India rather than from within the Pacific. Cmd. 3642 (June, 1883).
- ⁸⁶'Polynesian Immigration (Report for 1890)', C.P. 20/1891.
- ⁸⁷Gillion, *Fiji's Indian Migrants*, 71-72; Corris, 69-74.
- ⁸⁸J.B. Thurston, *Memorandum upon the establishment of District Plantations in the Colony of Fiji for the purpose of enabling the Native Population to provide their Taxes in a manner accordant with Native custom*; Thurston to Gordon, 4 Feb. 1897, in Stanmore, III, 518-19.
- ⁸⁹A.G. Lowndes (ed.), *South Pacific Enterprise. The Colonial Sugar Refining Company Limited*, 25.
- ⁹⁰Gordon to C.O., 9, 9 May 1877, C.O. 83/13.

- ⁹¹Thurston to Gordon, 3 Mar. 1879, in Stanmore, III, 537.
- ⁹²Le Hunte to Gordon, 1 Dec. 1878, in Stanmore, III, 456.
- ⁹³Thurston to Gordon, 7 Dec. 1878, in Stanmore, III, 445.
- ⁹⁴Potts, 110-11.
- ⁹⁵Ross to Des Voeux, 16 Jan. 1879, C.S.O. 272/79.
- ⁹⁶R.M. Frazer, 'A social and economic history of Ra Province', *Transactions & Proceedings of the Fiji Society*, 9 (1962-63), 93-112.
- ⁹⁷B.B. Levick, 'Nausori and Viria mills', CSR F 1.0/3/21.
- ⁹⁸Thurston to Gordon, 3 Mar. 1879, Stanmore, III, 537; Thurston to Gordon, 20 May 1880, see Ch. 2, note 44; correspondence between Stanlake Lee and government can be found in C.S.O. 2397/82.
- ⁹⁹Levick, 'Nausori and Viria mills', *op. cit.*
 - ¹Thurston to Gordon, 20 May 1880, C.S.O. 1326/80.
 - ²Thurston to Sahl, 28 Apr. 1880, *ibid.*
 - ³Gordon to C.O., 60, 25 May 1880, C.O. 83/22; Thurston to Gordon, 20 May 1880, see Ch. 2, note 44. CSR decided not to build a mill at Savu Savu and so never obtained the 1,000 acres there. Knox to Fairgrieve, 28 Sept. 1882, Inspectors Out 1881-87, 2 (1882-83), 34-53.
 - ⁴Hughes and Gemmell Smith, 'Extension in Fiji. Interview with the Governor of Fiji. 30th August 1899', 2 Sept. 1899, CSR F 2.0/1.1/-; Escott to C.O., 8, 10 Jan. 1914, C.O. 83/119.
 - ⁵Ward, 3-25.
 - ⁶E.L., Dr T.P. Lucas, *Cries from Fiji and Sighings from the South Seas*, 109-10.
 - ⁷Gordon to C.O., 60, 25 May 1880, C.O. 83/22.
 - ⁸Carew to Gordon, 3 Dec. 1878, in Stanmore, III, 458.
 - ⁹*ibid.*
 - ¹⁰Stanmore, IV, 63-71.
 - ¹¹Thiselton Dyer to C.O., 15 Dec. 1879, C.O. 83/20.
 - ¹²H.S. Berkeley, *Planting Enterprise in Fiji: past, present, and future*.
 - ¹³A.E. Haarer, *Modern Coffee Production*, 296-7.
 - ¹⁴D.W. Rodriguez, *Coffee: a short economic history with special reference to Jamaica*, 28-9. For sugar prices see Table 2.1.
 - ¹⁵'Extracts from Mr E.W. Knox's reports on Clarence River Mills, 1870-80', CSR F 1.0/3/2.
 - ¹⁶Fairgrieve to Knox, 7 Mar. 1883, Fairgrieve A to H.O. Fiji 1882-83, 203-5. Initially Rarawai was jointly owned by CSR and the New Zealand Sugar Co., in which CSR had a 50 per cent holding.
 - ¹⁷This is based on Lowndes, 11-53.
 - ¹⁸I am grateful to Dr Scarr for this point.
 - ¹⁹Interview with Mr Gwyn Bowen-Jones, Chief Executive of Fiji Sugar Corporation, 10 June 1976.
 - ²⁰Knox to Parbury, 15 Mar. 1888, E.W.K. Special, 2 (1887-89), 149-51. At

first most of the leading shareholders in CSR were New South Wales businessmen, but over the years the number of shareholders has increased thereby reducing the influence of individuals on the company's operations. There is no evidence that the nature of CSR's activities in Fiji would have been different if the ownership of the company in Australasia had differed. For the ownership of CSR see Lowndes, Ch. 14.

²¹Lowndes, 22-5.

²²'Extracts from Mr E.W. Knox's reports ...', CSR F 1.0/3/2.

²³In 1878 there were sixty-eight mills in Queensland. Easterby, 9.

²⁴Potts, 117.

²⁵C.S.O. 4190/95.

²⁶This is discussed in Lowndes, 285-311.

²⁷Knox to Buckland, 12 Nov. 1891, E.W.K. Special, 2 (1887-89), 249-50.

²⁸'Extracts from Reports of E.W. Knox relating to Fiji in the 1880s', CSR F 1.0/2/2.

²⁹Lowndes, 402-7.

³⁰The development of applied sciences by CSR in the late nineteenth century is discussed in Lowndes, 34-43.

³¹H.O. to Nausori, 25 Feb. 1887, Fiji Out 1880-92, 3 (1885-87), 447-8.

³²Potts, 114.

³³H.O. to Labasa, 19 Mar. 1907, Private Ltbk., 5 (1906-9), 194-99.

H.O. to Labasa, 13 Sept. 1910, Private Ltbk, 6 (1909-11), 307-9.

³⁴Potts, 115, 121.

³⁵H.O. to Nausori, 11 Apr. 1881, Fiji Out 1880-91, I (1880-82), 120-31; C.S.O. 2397/82.

³⁶H.O. to Nausori, 3 Feb. 1894, Nausori Out, 3 (1894), 8-12.

³⁷e.g., H.O. to Nausori, 4 Apr. 1893, Nausori Out, 2 (1893-94), 68-70; C.S.O. 3411/96, enclosed in C.S.O. 3329/96.

³⁸Knox to Murray, 24 Jan. 1894, Private & Staff, 1893-99, 63-4.

³⁹Knox to Rodgers, 25 Sept. 1911, E.W.K. Special, 4 (1909-37), 41.

⁴⁰Rodgers to Knox, 9 Aug. 1911, CSR F 1.0/1/14.

⁴¹Knox to Escott, 20 Nov. 1912, E.W.K. Special, 4 (1909-32), 53-4.

⁴²Alec J. Ivimey, 'Fiji', *Victorian Review*, 1 Aug. 1882.

⁴³*Blue Book*, 1904.

⁴⁴Minute by Des Voeux, n.d., C.S.O. 1693/82.

⁴⁵Mitchell to C.O., 73, 1887, C.O. 83/46; O'Brien to C.O., 69, 18 June 1901, C.O. 83/72; Potts, 125. Figures for the total production of cane in the colony are based on sugar exports for the appropriate years multiplied by 8.5. About 8½ tons of cane were needed to make one ton of sugar. But note that the actual output of cane is slightly underestimated because no allowance has been made for the domestic consumption of sugar produced in Fiji.

⁴⁶Minute, 17 Nov. 1896, C.S.O. 3825/96.

⁴⁷Robertson to Wilson, 8 Nov. 1887, C.S.O. 3077/87; Chalmers, memo., 1896, C.S.O. 3825/96.

- ⁴⁸Jackson to C.O., 38, 23 Apr. 1903, C.O. 83/76.
- ⁴⁹C.F. Gordon Cumming, *At Home in Fiji*, 58.
- ⁵⁰McArthur, 7-8, 27.
- ⁵¹Scarr, 'Creditors and the House of Hennings', 111.
- ⁵²W.L. Allardyce, 'Memorandum on the Native Taxation System', 6 Dec. 1902, enclosed with Jackson to C.O., 38, 23 Apr. 1903, C.O. 83/76. Strictly, the incomes Fijians earned as a result of their labour were composed not only of returns to labour (the implicit wage), but of the implicit wage plus the interest from capital (land). The higher returns from copra and subsistence crops can possibly be explained by the fact that they were more capital intensive — they required larger areas of land — than cane *farming*. Assuming that returns to labour were identical (because the crops required the same degree of labour skill) and that returns to capital were equalized, the higher income from copra, etc. would be due to the larger amount of capital invested.
- ⁵³C.S.O. 2663/90.
- ⁵⁴Jackson to C.O., 38, 23 Apr. 1903, *op. cit.*
- ⁵⁵This interpretation of Fijian behaviour is based on the model outlined by E.K. Fisk, 'The Response of Nonmonetary Production Units to Contact with the Exchange Economy', in Lloyd G. Reynolds (ed.), *Agriculture in Development Theory*, 53-83.
- ⁵⁶France, Ch. 9.
- ⁵⁷Allardyce, 'Memorandum on the Native Taxation System'.
- ⁵⁸However, in 1890 government was trying to lease to CSR 3,000 acres at Labasa at a rising rental, though the terms finally agreed were more generous than the company had expected. Scarr, *Viceroy of the Pacific*, Ch. 18. It might be thought that land was leased at fixed rentals because contemporaries did not expect values to rise significantly. But at least after the turn of the century CSR was expecting land values to go up quite sharply. It sought to obtain leases before this happened, even if the land was not immediately required for sugar (see Ch.3).
- ⁵⁹It was no wonder that chiefs at Labasa and Nadi were keen for CSR to open mills in their areas. CSO 69/90; see also Ratu Namani's prayer in CSR F 2.0/1/1.
- ⁶⁰In 1913 wages of unskilled plantation labourers on the Rewa and Navua were 1s 6d (see Table 5.3). It might be said that the wages of indentured Indians were below those of time-expired labourers because the former implicitly paid the cost of their return passage to Fiji. In 1913 the average cost of transporting an adult male to Fiji, including the expense of recruiting, etc., was £16 17s 3d. Assuming the cost of the actual passage from Fiji to India was the same as India to Fiji, the return passage would have cost £5 15s 0d, making a total £22 12s 3d (Indian Immigration Report for 1913). Wages of free labourers were sixpence above the statutory minimum wage of indentured labourers. So with a working week of five and a half days, over five years the wages of indentured labourers were £35 15s 0d below the market rate, considerably more than the cost of the return passage. Moreover, employers paid only two-thirds of the return passage costs. The rest was paid by government from a Return Passages Fund financed out of general revenue (i.e. by all taxpayers including Fijians). Thus employers received a subsidy from others in the colony. Finally, since about 60 per cent of

immigrants remained in Fiji, a large part of the government fund was never used and in 1905 the surplus was paid into general revenue. The wage difference, then, between indentured and free labourers cannot be explained entirely by the cost of transporting the former. It was partly due to the greater experience of plantation work of free labourers than those under indenture, but mostly it arose from institutional arrangements designed to keep indentured wages below the free market rate.

⁶¹Gillion, *Fiji's Indian Migrants*, 89-91.

⁶²*ibid.*, 129.

⁶³Lucas, 109.

Chapter 3

¹Knox to Parr, 17 Nov. 1881, Fiji Out 1880-92, 1 (1880-82), 296.

²Thurston to Gordon, 16 Mar. 1880, Stanmore, 1st Baron, *Fiji: Records of Private and of Public Life 1875-1880*, IV, 251.

³A.G. Lowndes (ed.), *South Pacific Enterprise. The Colonial Sugar Refining Company Limited*, 28.

⁴'Draft of letter to His Excellency the Governor of Fiji', 1899, CSR F 2.0/1-1/-.

⁵Lowndes, 23-43.

⁶'Extension versus heavier crops from present areas in Fiji', 22 Sept. 1902, Nausori Out, 11 (1902), 365-9.

⁷H.O. to Nausori, 24 Jan. 1900, Private Ltbk., 3 (1899-1903), 85.

⁸Farquhar to H.O., 28 Oct. 1908, Inspectors Ltbk., 1908-10, 96-106; H.O. to Farquhar, 13 Oct. 1908, Private Ltbk., 5 (1906-9), 417-19.

⁹Knox to Tucker & Orr, 13 May 1886, Fiji Out 1880-92, 3 (1885-87), 217-18; 'Extracts from Reports of E.W. Knox relating to Fiji in the 1880s', CSR F 1.0/2/2; H.O. to Nausori, 19 Feb. 1886, Fiji Out 1880-92, 3 (1885-87), 133-40; H.O. to Nausori, 4 April 1888, Fiji Out 1880-92, 4 (1887-88), 236-9.

¹⁰Knox to Harley, 10 June 1883, Fairgrieve A to H.O., Fiji 1882-83, 379-82.

¹¹Dr T.P. Lucas, *Cries from Fiji and sighings from the South Seas*, 108.

¹²H.O. to Nausori, 20 Aug. 1891, Private Ltbk., 1 (1890-93), 285; H.O. to Nausori, 17 Jan. 1891, Fiji Out 1880-92, 7 (1890-91), 187-92.

¹³H.O. to Nausori, 6 June 1888, Fiji Out 1880-92, 4 (1887-88), 295-300.

¹⁴Knox to Parr, 12 July 1883, Fiji Out 1880-92, 2 (1882-85), 147-9.

¹⁵H.O. to Nausori, 5 Nov. 1880, Fiji Out 1880-91, 1 (1880-82), 46-56; H.O. to Fairgrieve, 20 Mar. 1883, Inspectors Out 1881-87; 2 (1882-83), 190-208; see also Deryck Scarr, 'Creditors and the House of Hennings: an elegy from the social and economic history of Fiji', *Journal of Pacific History*, 7 (1972), 109-10.

¹⁶H.O. to Nausori, 13 Jan. 1885, Fiji Out 1880-92, 2 (1882-85), 472-86.

¹⁷Fairgrieve to Knox, 13 Apr. 1883, Fairgrieve A to H.O., Fiji 1882-83, 308-14.

- ¹⁸'Memo for Mr Robertson', 27 Feb. 1889, Private & Staff Out, 1889-90, 97-9; H.O. to Nausori, 30 July 1890, Fiji Out 1880-92, 6 (1889-90), 425-5; Knox to Sahl, 11 Sept. 1890, Private Ltbk., 1 (1890-93), 126; H.O. to Nausori, 12 Oct. 1887, E.W.K. Special, 2 (1887-99), 91-3; H.O. to Nausori, 5 Aug. 1891, Fiji Out 1880-92, 7 (1890-91), 469-70; H.O. to Nausori, 27 Feb. 1894, Nausori Out, 3 (1894), 54-5.
- ¹⁹E.W. Fenner, 'A Report on the Veitoga and Nadi Districts ...', 1897, CSR F 2.0/1-1/-.
- ²⁰This was particularly so at Labasa. See H.O. to Labasa, 13 Sept. 1910, Private Ltbk., 6 (1909-11), 307-9.
- ²¹H.O. to Nausori, 4 Feb. 1886, Fiji Out 1880-92, 3 (1885-87), 112-24.
- ²²In 1944 government estimated that the total freehold and leasehold land held by CSR exceeded 132,000 acres. Most of this was acquired before World War I. C.S.O. 37/244; Farquhar to H.O., 26 June 1906, Inspectors Ltbk., 1902-4, 192-204.
- ²³A similar process was at work around Penang. R.M. Frazer, 'A social and economic history of Ra Province', *Transactions & Proceedings of the Fiji Society*, 9 (1962-63), 103.
- ²⁴H.O. to Nausori, 25 June 1891, Fiji Out 1880-92, 7 (1890-91), 407-10.
- ²⁵H.O. to Nausori, 12 Apr. 1893, Nausori Out, 2 (1893-94), 93-4; H.O. to Nausori, 13 July 1898, Nausori Out, 7 (1897-99), 301-4; H.O. to Nausori, 12 Aug. 1898, *ibid.*, 340-1; Farquhar to H.O., 7 Sept. 1901, Inspectors Ltbk., 1901-2, 184-95; Farquhar to H.O., 28 Oct. 1908, Inspectors Ltbk., 1908-10, 96-106.
- ²⁶H.O. to Nausori, 14 Sept. 1887, Fiji Out 1880-92, 4 (1887-88), 100-4.
- ²⁷Nausori to H.O., 21 Nov. 1910, Nausori to H.O. Private Letters 1906-10.
- ²⁸H.O. to Nausori, 22 Nov. 1910, Private Ltbk., 6 (1909-11), 355-7.
- ²⁹H.O. to Nausori, 22 Aug. 1894, Nausori Out, 3 (1894), 409.
- ³⁰H.O. to Dixon, 26 Oct. 1909, Private Ltbk., 6 (1909-11), 82-4.
- ³¹'Extracts from Reports of E.W. Knox relating to Fiji in the 1880s', CSR F 1.0/2/2.
- ³²H.O. to Nausori, 1886, Private Ltbk, 1885-?, 364-71; H.O. to Nausori, 3 June 1889, Private & Staff Out, 1889-90, 235-7.
- ³³H.O. to Nausori, 7 Feb. 1894, Nausori Out, 3 (1894), 22-8.
- ³⁴H.O. to Nausori, 13 Apr. 1894, *ibid.*, 139-40; H.O. to Nausori, 11 Jan. 1899, Nausori Out, 8 (1899-1900), 1-8; H.O. to Nausori, 24 Mar. 1899, *ibid.*, 80-3.
- ³⁵CSR to Fiji Sugar Co. Ltd, 7 Mar. 1904, Private Ltbk., 4 (1903-6), 216-19.
- ³⁶Farquhar to H.O., 30 Nov. 1906, Inspectors Ltbk., 1906-8, 92-6.
- ³⁷H.O. to Rarawai, 9 Aug. 1904, Private Ltbk., 4 (1903-6), 198-9.
- ³⁸Farquhar to H.O., 30 Oct. 1906, Inspectors Ltbk., 1906-8, 53-68.
- ³⁹Farquhar to H.O., 30 June 1905, Inspectors Ltbk., 1904-6, 152-4; Knox to Masters, 4 Mar. 1918, Private Ltbk. Out, 14 (1918), 236-40.
- ⁴⁰Farquhar to H.O., 30 June 1905, Inspectors Ltbk., 1904-6, 152-4; Farquhar to H.O., 27 June 1907, Inspectors Ltbk., 1906-8, 131-43.
- ⁴¹H.O. to Labasa, 8 July 1908, Private Ltbk., 5 (1906-9), 359-60.

- ⁴²Farquhar to H.O., 7 Oct. 1908, Inspectors Ltbk, 1908-10, 71-6.
- ⁴³H.O. to Lautoka, 31 Aug. 1910, Nausori Private Letters 1906-10; Nausori to H.O., 21 Dec. 1910, Nausori to H.O. Private Letters 1906-10.
- ⁴⁴H.O. to Nausori, 1882, Fiji Out 1880-92, 1 (1880-2), 449-52.
- ⁴⁵H.O. to Fairgrieve, 3 July 1882, Inspectors Out 1881-87, 1 (1881-82), 157-9; H.O. to Fairgrieve, 5 July 1882, *ibid.*, 174-9.
- ⁴⁶Fairgrieve to H.O., 13 Apr. 1883, Fairgrieve A to H.O., Fiji 1882-83, 308-14; H.O. to Fairgrieve, 23 Aug. 1883, Inspectors Out 1881-7, 2 (1882-3), 389-407; H.O. to Fairgrieve, 16 Nov. 1883, *ibid.*, 459-67.
- ⁴⁷Fairgrieve to Solomon, 12 Feb. 1884, Fiji Out 1880-92, 2 (1880-5), 226-9; H.O. to Nausori, 21 Feb. 1884, *ibid.*, 230-6; H.O. to Nausori, 12 June 1884, *ibid.*, 213-19.
- ⁴⁸Farquhar to H.O., 28 Oct. 1908, Inspectors Ltbk., 1908-10, 96-106.
- ⁴⁹H.O. to Rarawai, 11 Mar. 1913, Private Ltbk. Out, 8 (1913-14), 51-61; Knox to Masters, 4 Mar. 1918, Private Ltbk. Out, 14 (1918), 236-40.
- ⁵⁰H.O. to Nausori, 11 May 1880, Fiji Out 1880-91, 1 (1880-82), 1-5.
- ⁵¹E.g. Knox to Gemmell Smith, 13 Oct. 1895, Private & Staff Out, 1893-99, 229-30.
- ⁵²Farquhar to H.O., 28 Aug. 1896, Inspectors Ltbk., 1895-96, 230-3; H.O. to Farquhar, 7 Sept. 1896, Inspector of Mills Out 1891-1900, 1 (1891-98), 117-21.
- ⁵³H.O. to Nausori, 31 Aug. 1880, Fiji Out 1880-91, 1 (1880-82), 24-8.
- ⁵⁴E.g. H.O. to Nausori, 14 Mar. 1911, Nausori Out, 27 (1911), 9; Nausori to H.O., 21 May 1912, Private letters May-Dec. 1912.
- ⁵⁵H.O. to Rarawai, 1 Sept. 1915, Private Ltbk., 11 (1915-16), 25; Dixon, 'Notes for the Manager. Rarawai Mill', 26 Nov. 1915, Fiji Inspectors (Rutledge and Dixon) 1915-28.
- ⁵⁶H.O. to Rarawai, 26 Feb. 1913, Private Ltbk. Out, 8 (1913-14), 33-4.
- ⁵⁷H.O. to Nausori, 14 Mar. 1911, Private Ltbk., 6 (1909-11), 396.
- ⁵⁸Nausori to H.O., 15 Jan. 1910, Nausori to H.O. Private letters 1906-10; H.O. to Nausori, 28 Mar. 1911, Private Ltbk. Out, 6 (1909-11), 405-6.
- ⁵⁹H.O. to Lautoka, 31 July 1913, Private Ltbk. Out, 8 (1913-14), 249-51.
- ⁶⁰Im Thurn to C.O., 207, 6 Dec. 1909, C.O. 83/93. I am grateful to Dr K.L. Gillion for drawing my attention to this despatch.
- ⁶¹May to C.O., 190, 4 Sept. 1911, C.O. 83/102.
- ⁶²Farquhar to H.O., 19 Dec. 1895, Inspectors Ltbk., 1895-96, 133-7.
- ⁶³K.L. Gillion, *Fiji's Indian Migrants*, 116.
- ⁶⁴H.O. to Labasa, 13 Sept. 1910, Private Ltbk., 6 (1909-11), 307-9.
- ⁶⁵H.O. to Nausori, 13 Nov. 1884, Private Ltbk., 13 Dec. 1882 to 1 Sept 1885, 173.
- ⁶⁶Knox to Jackson, 4 Sept. 1903, Private Ltbk., 4 (1903-6), 13-14.
- ⁶⁷Im Thur to C.O., 207, 6 Dec. 1909, C.O. 83/93.
- ⁶⁸E.g., H.O. to Nausori, 26 Feb. 1885, Private Ltbk. 13 Dec. 1882 to 1 Sept. 1885, 285-92.
- ⁶⁹Minutes on McGregor to C.O., 60, 17 Apr. 1885, C.O. 83/40.

- ⁷⁰Gillion, *Fiji's Indian Migrants*, 73-4. Gillion discusses more fully government's desire to help the small farmer.
- ⁷¹Anson's minute, 28 Nov. 1887, C.S.O. 3481/87.
- ⁷²This is dealt with more thoroughly by Gillion, *Fiji's Indian Migrants*, 79-95, 103-29.
- ⁷³*Blue Book of Fiji*, 1890.
- ⁷⁴Since the minimum wage of indentured labour was fixed by law and was not related to the cost of living, the heavy duty on rice would not have affected planters by increasing wages.
- ⁷⁵*Blue Book of Fiji*, 1898.
- ⁷⁶Farquhar to H.O., 7 Sept. 1901, Inspectors Ltbk, 1901-2, 184-95.
- ⁷⁷H.O. to Nausori, 30 Nov. 1898, Nausori Out, 7 (1897-99), 461.
- ⁷⁸May to C.O., conf., 13 May 1911, C.O. 83/101.
- ⁷⁹H.O. to Nausori, 5 Nov. 1912, Private Ltbk. Out, 7 (1911-13), 431-2.
- ⁸⁰*Fiji Legislative Council Debates*, 1911, 70-1.
- ⁸¹Nausori to H.O., 27 June 1912, Nausori to H.O. Private letters May to Dec. 1912.
- ⁸²Nausori to H.O., 30 July 1912, *ibid*.
- ⁸³May to C.O., conf., 4 Apr. 1912, C.O. 83/105; H.O. to Nausori, Private Ltbk. Out, 7 (1911-13), 330-2.
- ⁸⁴Fenner to Hutson, 1 Apr. 1913, enc. with Escott to C.O., 150, 7 Apr. 1913, C.O. 83/113.
- ⁸⁵Knox to C.O., tel., 3 Apr. 1912, C.O. 83/111.
- ⁸⁶The history of this dispute is summarized in minutes on Escott to C.O., 324, 10 Aug. 1915, C.O. 83/126.
- ⁸⁷Minutes on Escott to C.O., 16, 15 Jan. 1913, C.O. 83/112.
- ⁸⁸Minutes on Knox to C.O., 23 May 1914, C.O. 83/123.
- ⁸⁹This is discussed more fully in Chapter 5.
- ⁹⁰Lucas, 108.
- ⁹¹Nausori to H.O., 4 July 1911, Nausori to H.O. Private letters 1906 to 1910.
- ⁹²Knox to May, 1912, Nausori to H.O. Private letters May to Dec. 1912.
- ⁹³H.O. to Nausori, 25 Feb. 1914, Private Ltbk., 8 (1913-14), 493; H.O. to Rarawai, 25 Mar. 1914, Private Ltbk. Out, 9 (1913-14), 36-41.
- ⁹⁴Census report for 1911, *C.P.* 44/1911. It is not always clear from the categories of employment whether persons were engaged in sugar or, say, copra production.
- ⁹⁵Nausori to H.O., 20 May 1912, Nausori to H.O. Private letters May to Dec. 1912; Nausori to H.O., 20 June 1911, Private letters 1906-10.
- ⁹⁶Colonial Sugar Refining Co. Ltd, *Half-Yearly Reports*, 30 Sept. 1910, 30 Sept. 1914.
- ⁹⁷S.J. Butlin, A.R. Hall, R.C. White, *Australian Banking and Monetary Statistics, 1871-1945*, Table 51.

⁹⁸Knox to Escott, 20 Nov. 1912, E.W.K. Special, 4 (1909-32), 53-4.

⁹⁹'Notes for Senator, the Hon. J.T. Walker', n.d., Private Ltbk., 4 (1903-6), 441-2.

¹H.O. to Nausori, 20 June 1911, Private Ltbk. Out, 6 (1909-11), 453-6.

²Lucas, 110.

³Correspondence relating to the Nausori distillery can be found in CSR A 7.2/1/1-8.

⁴Knox to Colonial Secretary, 10 Jan. 1921, Private Ltbk. Out, 20 (1920-21), 797-8; A.G. Carver, 'Memo. to the General Manager. Power Alcohol Production in Fiji', 2 Aug. 1951, Inspectors' Memos. to the General Manager, Apr. 1951 to Aug. 1957, CSR mfm 254.

⁵George L. Beckford, *Persistent Poverty*, 161-4.

⁶In 1886, when conditions were at their worst, the Colonial Office expressed indignation at the 'frightful' mortality among labourers, and the 'monstrous' scale of tasking. But there was little effective action to remedy this till ten years later. Gillion, *Fiji's Indian Migrants*, 84.

Chapter 4

¹K.L. Gillion, *Fiji's Indian Migrants*, 136. The 1911 census showed that there were 40,286 Indians in Fiji. Nearly 26,000 of these were free. Census report for 1911, C.P. 44/1911.

²For an historical account of aspects of the sugar industry in Guyana see Jay R. Mandle, *The Plantation Economy. Population and Economic Change in Guyana, 1838-1960*.

³For example, CSR abandoned efforts to obtain a large lease of land on the Rewa in 1906 because Indian demand had encouraged Fijians to ask higher rents than the company was willing to pay. Farquhar to H.O., 13 Nov. 1906, Inspectors Ltbk., 1906-8, 71-4; Nausori to H.O., 11 Dec. 1906, Nausori to H.O., Private letters 1906-10.

⁴C.S.O. 1380/93; H.O. to Nausori, 24 Dec. 1886, Fiji Out 1880-92, 3 (1885-87), 397-403.

⁵C.S.O. 3208/93.

⁶H.O. to Nausori, 16 March 1887, Fiji Out 1880-92, 3 (1885-87), 453-60; C.S.O. 1282/87.

⁷C.S.O. 3427/93.

⁸C.S.O. 3208/93.

⁹C.S.O. 2051/87.

¹⁰C.S.O. 1380/93.

¹¹C.S.O. 1282/87.

¹²C.S.O. 2051/87.

¹³C.S.O. 3012/88.

¹⁴C.S.O. 2147/90. Officials later claimed that Indians were unwilling to commute return passages because the land offered was inaccessible. Gillion, *Fiji's Indian Migrants*, 139.

- ¹⁵A.G. Anderson, *Indo-Fijian Smallfarming: profiles of a peasantry*, 20.
- ¹⁶C.O. to Thurston, 57, 13 Nov. 1896, C.S.O. 7/97.
- ¹⁷Berkeley to C.O., 56, 14 June 1897, and 65, 28 June 1897, C.O. 83/66.
- ¹⁸O'Brien to C.O., 109, 22 Oct. 1897, and 117, 30 Oct. 1897, C.O. 83/67.
The Colonial Office was surprised that in the first despatch O'Brien should appear to be against settlement, but then to favour it one week later.
- ¹⁹Colonial Secretary to Gemmell Smith, 28 Aug. 1897, C.S.O. 2936/97.
- ²⁰See Ch. 3.
- ²¹C.S.O. 2936/97; 4009/97; 3347/98; 2396/99; H.O. to Nausori, 13 Sept. 1897, Nausori Out 6 (1896-97), 395-7.
- ²²C.S.O. 569/07.
- ²³C.S.O. 6206/09. The figures exclude those Indians who had not registered their leases of Fijian land, and those who occupied land as subtenants of the Indian lessee.
- ²⁴C.S.O. 1961/98; Indian Immigration Report for 1908.
- ²⁵Officials were eager for settlers to grow cash crops. Coffee was suggested for those at Labasa, but nothing came of this perhaps because it would not have complemented plantation interests. In 1909, E. Hutson, Colonial Secretary, was keen to encourage Indians on settlements to grow crops for sale. C.S.O. 1292/98; 4991/10.
- ²⁶Farquhar to H.O., 30 July 1901, Inspectors Ltbk., 1901-2, 120-9.
- ²⁷H.O. to Nausori, 22 Apr. 1897, Nausori Out, 6 (1896-97), 144-8.
- ²⁸Farquhar to H.O., 7 Sept. 1901, Inspectors Ltbk., 1901-2, 184-95.
- ²⁹Indian Immigration Reports for 1901 and 1904.
- ³⁰Farquhar to H.O., 7 Sept. 1901, Inspectors Ltbk., 1901-2, 184-95; Farquhar to H.O., 30 June 1905, Inspectors Ltbk., 1904-6, 143-51. A similar process occurred in Ra. See R.M. Frazer, 'A social and economic history of Ra Province', *Transactions & Proceedings of Fiji Society*, 9 (1962-63), 104.
- ³¹C.S.O. 337/97; 2650/97; O'Brien to C.O., 78, 10 Oct. 1898, C.O. 83/69.
- ³²C.S.O. 3158/04.
- ³³Gemmell Smith to Knox, 7 Mar. 1904, CSR F 1.0/1/13.
- ³⁴C.S.O. 2912/08.
- ³⁵H.O. to Nausori, 2 Mar. 1894, Nausori Out, 3 (1894), 58-61.
- ³⁶H.O. to Nausori, 23 Dec. 1891, quoted by Gillion, *Fiji's Indian Migrants*, 99-100.
- ³⁷H.O. to Nausori, 5 Oct. 1897, Nausori Out, 6 (1896-97), 432-6; CSR to Fiji Sugar Co., 7 Mar. 1904, Private Ltbk., 4 (1903-6), 216-19; H.O. to Rarawai, 5 Sept. 1904, *ibid.*, 213-15; Gillion, *Fiji's Indian Migrants*, 100.
- ³⁸Farquhar to H.O., 3 Aug. 1901, Inspectors Ltbk., 1901-2, 134-46; H.O. to Nausori, 16 June 1902, Nausori Out, 11 (1902), 167-72.
- ³⁹H.O. to Nausori, 5 Aug. 1891, Fiji Out 1880-92, 7 (1890-1), 479-83; H.O. to Nausori, 2 Mar. 1894, Nausori Out, 3 (1894), 58-61; H.O. to Nausori, 16 Oct. 1897, Nausori Out, 6 (1896-97), 452-5.

- ⁴⁰C.S.O. 3426/01; 874/02; H.O. to Nausori, 8 Oct. 1902, Nausori Out, 11 (1902), 403-7; H.O. to Nausori, 4 Mar. 1904, Nausori Out, 14 (1903-4), 257-60; Knox to Jackson, 24 Apr. 1906, Private Ltbk., 5 (1906-9), 31-3. W.P. Dixon, 'Notes on Indian Settlement', 21 Feb. 1916, CSR F 4.0/5/-.
- ⁴¹C.S.O. 216/05.
- ⁴²C.S.O. 350/90; 1178/91; transcript of interviews with ex-indentees, kindly shown me by Dr Ahmed Ali, University of the South Pacific, Suva.
- ⁴³Berkeley to C.O., 31, 13 Apr. 1897, C.O. 83/66; Ordinance 7 of 1898.
- ⁴⁴Anderson, 29; C.S.O./M.P. 3274/11.
- ⁴⁵In 1909 officials were concerned about the settlement of Indians in the interior, largely because it reduced the supply of labour to plantations, and in 1911 settlement was limited mostly to sugar districts. C.S.O. 6206/09; 3274/11.
- ⁴⁶C.S.O. 3127/06; 5241/07.
- ⁴⁷C.S.O. 4914/08; 379/09; 5972/09; 7249/09; 7538/11.
- ⁴⁸'Colonial Sugar Refining Company Limited', 8 Oct. 1902, E.W.K. Special, 3 (1899-1908), 98-105; C.S.O. 4438/02; 2863/03.
- ⁴⁹C.S.O. 676/10; 6561/10; 10396/10.
- ⁵⁰C.S.O. 821/13; 9097/15.
- ⁵¹Indian Immigration Reports for 1905 and 1908.
- ⁵²Gillion, *Fiji's Indian Migrants*, 143.
- ⁵³C.S.O. 337/97; Anderson, 51.
- ⁵⁴The ability of plantation interests to determine prices, though considerable, should not be over-estimated. In 1906 CSR was sufficiently worried about increases in the price of Indian maize to propose growing a certain amount itself. Farquhar to H.O., 30 Oct. 1906, Inspectors Ltbk., 1906-8, 53-68.
- ⁵⁵This is impossible to demonstrate statistically since informal leases and subleases were not registered, but it was certainly the prevailing view at the time.
- ⁵⁶Cmd. 7744-5 (1914), Appendix 45(a).
- ⁵⁷C.F. Andrews and W.W. Pearson, 'Indentured Labour in Fiji: an Independent Enquiry', in C.F. Andrews (ed.), *Indian Indentured Labour in Fiji*, 40.

Chapter 5

- ¹Accounts of Fiji and the end of Indian immigration can be found in K.L. Gillion, *Fiji's Indian Migrants*, Ch. 9; K.L. Gillion, *The Fiji Indians. Challenge to European Dominance 1920-46*, Chs. 2-5; Hugh Tinker, *A New System of Slavery, The Export of Indian Labour Overseas, 1830-1920*, Chs. 7-10.
- ²H.O. to Nausori, 17 July 1912, Private Ltbk. Out, 7 (1912), 302-7.
- ³'Labour Position in Fiji', 13 Mar. 1912, Private Ltbk. Out, 7 (1912), 168-70.
- ⁴*Report to the Government of India on the Conditions of Indian Immigrants in Four British Colonies and Surinam*, by James McNeill, I.C.S. and

- Mr Chimman Lal, Cmd. 7744-5; Memo. by James McNeill, C.S.O./M.P. 8693/13.
- ⁵S.S. 295/13; C.S.O. 1622/14; May to C.O., 97, 18 Mar. 1912, C.O. 83/106; Escott to C.O., 139, 1 Apr. 1913, C.O. 83/113; Escott to C.O., 69, 13 Feb. 1914, C.O. 83/119.
- ⁶A.G. Anderson, *Indo-Fijian Smallfarming*, 34; Hutson to C.O. 363, 7 Sept. 1915, C.O. 83/127; C.S.O./M.P. 753/22.
- ⁷May to C.O., 135, 10 May 1912, C.O. 83/107; Escott to C.O., 260, 28 July 1914, C.O. 83/121; Hutson to C.O., 363, 7 Sept. 1915, C.O. 83/127.
- ⁸Hutson to C.O., 367, 7 Sept. 1915, C.O. 83/127; Hughes to C.O., 21 May 1915, C.O. 83/129; Escott to C.O., conf., 9 Apr. 1918, C.O. 83/141; C.P. 7/1916, 21/1916, 67/1916; H.O. to Nausori, 26 Apr. 1915, Private Ltbk. Out, 10 (1915), 266.
- ⁹'Coolie Settlement on Estates', 22 Apr. 1913, Nausori Out, 30 (1912-13), 416-20; Nausori to H.O., 19 June 1912, Nausori/H.O. Private letters, May to Dec. 1912; Knox to Colonial Secretary, 5 Sept. 1913, CSR, 'The Labour Position in Mauritius. Enquiries made June 1913', encl. with Escott to C.O., 403, 23 Sept. 1913, C.O. 83/116.
- ¹⁰C.S.O./M.P. 141/13; Escott to C.O., conf., 9 Apr. 1918, C.O. 83/141.
- ¹¹C.S.O./M.P. 141/13; C.S.O. 497/22; Nausori to H.O., 29 July 1912, Nausori/H.O. Private letters, May to Dec. 1912.
- ¹²'Coolie Settlement on Estates', 22 Apr. 1913, Nausori Out, 30 (1912-13), 416-20; Dixon, 'Notes on Indian Settlement', 21 Feb. 1916, CSR F 4.0/5/-; Dixon, 'Notes for the Manager, Labasa Mill', 12 July 1916, Fiji Inspectors (Rutledge & Dixon) 1915-28; Dixon to H.O., 19 Dec. 1917, CSR F 4.0/7/-; Dixon, 'Various types of leases to Indians', 22 Feb. 1922, CSR F 4.0/6/-.
- ¹³Lautoka to H.O., 2 Sept. 1922, CSR F 4.0/5/-. See also Dixon, 'Various types of leases to Indians', CSR 4.0/6/-.
- ¹⁴Lautoka to H.O., 12 Aug. 1920, CSR F 4.0/5/-; Colonial Sugar Refining Co. Ltd, *Mr W.P. Dixon - chief architect of the small farm system in Fiji*; Dixon, 'Leasing to Indian tenant farmers', 10 Oct. 1917, CSR F 4.0/5/-; Dixon, 'Notes for the Acting Manager, Nausori', 28 Aug. 1918, Fiji Inspectors (Rutledge & Dixon), 1915-28.
- ¹⁵H.O. to Lautoka, 20 Aug. 1919, Private Ltbk. Out, 17 (1919), 305.
- ¹⁶Nausori to H.O., 1 Nov. 1917; 'Notes for the information of H.M.'s Government', 1918, CSR F 4.0/6/-.
- ¹⁷Dixon, 'Supplementary notes for the Manager, Rarawai', 14 June 1915, Fiji Inspectors (Rutledge & Dixon) 1915-28.
- ¹⁸Knox to H.O., 9 Oct. 1916, Private Ltbk. Out, 12 (1916-17), 116-19.
- ¹⁹Dixon, 'Crisis in the Fiji sugar industry 1920/1925', CSR N 2.0/-/1; 'Statement by CSR for use in discussion with planters etc., 16/1/22', Private Ltbk. Out, 23 (1921-22), 113-17; Dixon, 'Notes for the Manager, Rarawai mill', 30 July 1918, Fiji Inspectors (Rutledge & Dixon) 1915-28; H.O. to Nausori, 27 Mar. 1916, Private Ltbk. Out, 11 (1915-16), 312-13.
- ²⁰H.O. to Nausori, 6 Apr. 1916, Private Ltbk. Out, 11 (1915-16), 339; H.O. to Lautoka, 9 Feb. 1921, Private Ltbk. Out, 20 (1920-21), 906-7.
- ²¹H.O. to Lautoka, 4 July 1917, Private Ltbk. Out, 13 (1917-18), 105.

- ²²C.S.O./M.P. 6365/20.
- ²³Dixon, 'Notes for the Manager, Rarawai', 9 Oct. 1919, Fiji Inspectors (Rutledge & Dixon) 1915-28; H.O. to Nausori, 26 Sept. 1921, Private Ltbk. Out, 22 (1921), 275-6.
- ²⁴C.P. 89/1917; 63/1918.
- ²⁵Rodwell to C.O., 181, 3 July 1920, C.O. 83/152; 'Notes of an interview between the Governor of Fiji and Mr Thomas Hughes ...', encl. with Rodwell to C.O., tel., 22 July 1920, C.O. 83/152.
- ²⁶These views were repeatedly expressed in correspondence with the Fiji government and during Knox's visit to the Colonial Office in 1922. A fuller account of this is in Gillion, *The Fiji Indians*, Chs. 4, 5.
- ²⁷Minute by J.M. Green, Rodwell to C.O., conf., 22 Aug. 1919, C.O. 83/147; Memo. by Green, Fell to C.O., tel., 22 Dec. 1921, C.O. 83/158.
- ²⁸Knox to Rodwell, 8 Aug. 1919, Private Ltbk. Out, 17 (1919), 269-76; Dixon, memo., 2 Sept. 1921; Knox, 'W.P.D. note - Fiji cultivation', 5 Sept. 1921, CSR F 4.0/7/-.
- ²⁹Knox to Rodwell, 3 Dec. 1919, 'E.W.K. Special', 4 (1909-37), 109-13.
- ³⁰See Gillion, *The Fiji Indians*, 40-6, 61-5.
- ³¹Rodwell to C.O., 107, 18 Sept. 1919, C.O. 83/147.
- ³²Hutson to C.O., 58, 18 Feb. 1916, C.O. 83/130.
- ³³Sec. of Sugar Commission to C.O., 23 June 1917, C.O. 83/140; Escott to C.O., 89, 4 Apr. 1917, C.O. 83/136; minutes on Rodwell to C.O., conf., 22 Aug. 1919, C.O. 83/147.
- ³⁴Rodwell to C.O., 107, 18 Sept. 1919, C.O. 83/147.
- ³⁵C.P. 46/1920.
- ³⁶Knox to J.M. Hedstrom, 30 June 1921, Private Ltbk. Out, 22 (1921), 19-20; H.O. to Lautoka, 25 Apr. 1919, Private Ltbk. Out, 17 (1919), 55-6.
- ³⁷A more detailed account of the strike, and also that of 1921 with a stress on political aspects is given in Gillion, *The Fiji Indians*, Chs. 2, 3.
- ³⁸Lautoka to H.O., tel., 23 Feb. 1920, Private Ltbk. Out, 18 (1919-20), 207-9; H.O. to Lautoka, 28 Feb. 1920, Private Ltbk. Out, 18 (1919-20), 211-12.
- ³⁹H.O. to Lautoka, tel., 30 Jan. 1920, Private Ltbk. Out, 18 (1919-20), 141-4; H.O. to Dixon, tel., 1 June 1920, CSR F 1.0/3/3.
- ⁴⁰H.O. to Lautoka, 15 Oct. 1920, tel., CSR F 1.0/3/3.
- ⁴¹C.S.O./M.P. 3015/21; 3563/21.
- ⁴²Fell to Farquhar, 28 Sept. 1921, Nausori Private & Confidential 1918-29.
- ⁴³Knox to Hedstrom, 30 June 1921, Private Ltbk. Out, 22 (1921), 19-20.
- ⁴⁴Joske to Dixon, 13 Mar. 1917, CSR F 2.0/4/7. See also Fenner to Rothe, 7 May 1914, CSR F 2.0/4/8.
- ⁴⁵H.O. to Rarawai, 8 Apr. 1921, Private Ltbk. Out, 21 (1921), 235-6; H.O. to Lautoka, tel., 6 Apr. 1921, Private Ltbk. Out, 21 (1921), 254; H.O. to Lautoka, 11 May 1921, Private Ltbk. Out, 21 (1921), 369-70.
- ⁴⁶H.O. to Rarawai, 11 May 1921, Private Ltbk. Out, 21 (1921), 364-5.

- ⁴⁷H.O. to Lautoka, 5 July 1921, Private Ltbk. Out, 22 (1921), 24-5; H.O. to Lautoka, 30 July 1921, Private Ltbk. Out, 22 (1921), 96-8.
- ⁴⁸C.P. 40/1920.
- ⁴⁹C.S.O./M.P. 6703/21; 6788/21; 1322/22; H.O. to Lautoka, 27 Apr. 1922, Private Ltbk. Out, 23 (1921-22), 364.
- ⁵⁰That is, the operations of CSR. The Navua mill was never reopened. The Melbourne Trust Co. started crushing again at Penang in 1925, but only so it could sell the mill to CSR in running order.
- ⁵¹Rodwell to C.O., tel., 4 Aug. 1922, C.O. 83/161; CSR F 4.0/2/1; 4.0/10/8.
- ⁵²'Export Duty on Sugar and Molasses', C.P. 13/1923.
- ⁵³C.S.O./M.P. 3002/21; CSR F 2.0/4/14.
- ⁵⁴C.S.O./M.P. 5027/21, 5918/21; Fell to C.O., tel., 25 June 1924, C.O. 83/169.
- ⁵⁵H.O. to Nausori, 7 Dec. 1922, Private Ltbk. Out, 24 (1922-23), 224-5.
- ⁵⁶H.O. to Labasa, 6 May 1925, CSR F 4.0/5/-. Many estates had gone out of cultivation as a result of the 1921 strike.
- ⁵⁷Rarawai to H.O., 16 Feb. 1923; Lautoka to H.O., 2 Sept. 1922, CSR F 4.0/5/-.
- ⁵⁸H.O. to Rarawai & Lautoka, 15 May 1924, Private Ltbk. Out, 26 (1923-24), 490-4.
- ⁵⁹Rutledge to H.O., 17 June 1925, Fiji Inspectors (Rutledge & Dixon) 1915-28.
- ⁶⁰H.O. to Labasa, 4 Apr. 1924, Private Ltbk. Out, 26 (1923-24), 371-7.
- ⁶¹Memo. by J.R. Pearson, 15 Mar. 1932, C.S.O. 2558/30.
- ⁶²In 1959 it was estimated that 10-15 man-days a year were required to work one acre of cane land. This was probably less than the number in the 1920s and 1930s, for in the 1950s tractors were increasingly used to plough cane farms. Twenty man-days is taken as a maximum figure. Burns *et al.*, 'Report on the Commission of Inquiry into the Natural Resources and Population Trends of the Colony of Fiji, 1959', C.P. 1/1960, 40-1.
- ⁶³C.Y. Shephard, *The Sugar Industry of Fiji*, 12.
- ⁶⁴E.W. Knox, 'Memorandum for the Board. Transfer of the Fiji Coy's Assets', 25 Sept. 1923, CSR F 3.0/3/-.
- ⁶⁵S.J. Butlin, A.R. Hall, R.G. White, *Australian Banking and Monetary Statistics, 1817-1945*, Table 51.
- ⁶⁶George L. Beckford, *Persistent Poverty*, 181-2.
- ⁶⁷Charlotte Leubuscher, *The Processing of Colonial Raw Materials: A Study in Location*, 110-12.
- ⁶⁸Fell to C.O., secret, 11 Oct. 1921; Fell to C.O., tel., 22 Dec. 1921, C.O. 83/158.

Chapter 6

- ¹See for example V.D. Wickizer, 'The plantation system in the development of tropical economies', *Journal of Farm Economics*, 40 (1958), 63-7; 'The

smallholder in tropical export crop production', *Food Research Institute Studies*, 1 (1960), 49-99.

²Figure for the number of farms before 1952 are not available, but according to Fiji Sugar Corporation Ltd records in 1952 there were 10,587 farms owned by 9,233 growers. Since the sugar industry had expanded by a relatively small amount between 1939 and 1952, an estimate of about 10,000 holdings on the eve of the war seems reasonable. See FSC Ltd, *Industrial Statistics Summary*, Tables 17(b), 19(a).

³From 1933, 21-year leases could be extended for one 9-year period. See 'Native Lands Ordinance 1905 Regulations (leases)', *Fiji Royal Gazette*, 1933, 310.

⁴For a description of the Fiji sugar industry as it had evolved by World War II, see C.Y. Shephard, *The Sugar Industry of Fiji*, 1-23.

⁵In 1940 the rate of interest was reduced to 4 per cent. See Ch. 8.

⁶Copies of the agreements can be found in C.S.O./M.P. 2588/30.

⁷Minute by H.W. Jack, July 1935, C.S.O. 2/99.

⁸Memo. by Acting Director of Agriculture, 4 Apr. 1938, C.S.O. 2/181 (Pt. 1).

⁹See above, Ch. 6.

¹⁰CSR wanted to maximize returns from its investments in land (drainage, advances for improvements, etc., but not from rent), as well as to use land to maximize returns from its investments in milling. The position of tenants and contractors was little different in this respect. Though CSR did not own the latter's land, very often it had still invested in it by making advances to growers so that they could prepare it for cane.

¹¹Shephard, 35-6.

¹²Notice to Cane Growers, 8 Aug. 1924, Private Ltbk. Out, 27 (1924-25), 204. It might be argued that if the imperial preference made life uncertain for the growers, it would also have made it uncertain for CSR. Like the growers, CSR would have wanted to maximize short-term gains. But the difference was that the position seemed uncertain for *all* growers, whereas if a preference had been withdrawn it is likely CSR would have closed only one or two mills. And in any case, aware of wider political realities, the company was likely to have been more sure of the preference - and hence the cane price - continuing than the growers with their more limited horizons.

¹³F. Stockdale, *Report by Sir Frank Stockdale, K.C.M.G., C.B.E., Agricultural Adviser to the Secretary of State for the Colonies, on his visit to Fiji*, 1937, 25.

¹⁴J.R. Pearson, 'Attitude of the C.S.R. Co. towards rice growing', 28 Aug. 1931, C.S.O. 2/36.

¹⁵Such a strategy would also have affected contractors, who tended to grow more food crops than tenants, (Stockdale, 29). In the long run, higher cane prices would have made possible higher rents on non-company land, so increasing farm costs.

¹⁶F.C.T. Lord, 'The sugar industry in Fiji: Memo prepared for the information of the West Indian Sugar Commission, 1929', C.O. 83/189 file 73836.

¹⁷Shephard, 11.

¹⁸*ibid.*, 10.

- ¹⁹Letter from G.H. Allen, 12 Feb. 1927, CSR F 4.0/7/-.
- ²⁰Shephard, 11-14; Ayodhya Prasad Sharma, *Kisan Sangh ka Itihas*, vol. 1, 40. I am grateful to Mr Bir Sahai for translating this work from Hindi.
- ²¹Dixon, 'Notes for the Manager, Rarawai Mill', 17 July 1923, Fiji Inspectors (Rutledge & Dixon) 1915-28.
- ²²Ayodhya Prasad, 39-40.
- ²³Dixon, 'Notes for the Manager, Rarawai Mill' (see n.21 above).
- ²⁴Minute by Colonial Secretary, 3 May 1926, C.S.O./M.P. 1098/26.
- ²⁵Shephard, 18-19.
- ²⁶Nausori to H.O., 19 Oct. 1935, Nausori Private In, CSR mfm 236.
- ²⁷H.O. to Lautoka, Sept. 1925, Private Ltbk. Out, 28 (1925), 480.
- ²⁸Rutledge, 'Notes for the Manager, Penang Mill', 20 Nov. 1926, Fiji Inspectors (Rutledge & Dixon) 1915-28.
- ²⁹Stockdale, 23.
- ³⁰Information collected during the first half of 1976.
- ³¹Shephard, 12.
- ³²Ayodhya Prasad, 37-9.
- ³³CSR threatened to close Nausori on several occasions, e.g. C.W.R. Powell to C.O., 6 Apr. 1937, C.O. 852/84 file 15036/17.
- ³⁴Note also that CSR increased the size of its advances during years when the crop was poor so that there were larger repayments when the harvest improved. Thus fluctuations in demand were evened out. See Burns Philp, Labasa Inspection Report no.2, 11 Oct. 1932, 2, mfm PMB 500.
- ³⁵Burns Philp, Labasa Inspection Report no.2, 11 Oct. 1932, 12, mfm PMB 500.
- ³⁶Rutledge to Lautoka, 1 Dec. 1926, Fiji Inspectors (Rutledge) 1924-8.
- ³⁷Minute by S. Caine, 4 Dec. 1933, C.O. 83/204 file 18493.
- ³⁸Fletcher to Knox, 17 Nov. 1930, C.O. 83/194 file 83874.
- ³⁹Pearson, 'The probable effects of a fall in sugar prices on Indian farmers and agricultural labourers in Fiji', Feb. 1930, C.O. 83/189 file 73836.
- ⁴⁰Coal imports in 1925 were valued f.o.b. at £42,000; coal was the principal item bought from Australia. Even more important was the import of sugar sacks, but they could be obtained only from Calcutta. C.P. 64/1930.
- ⁴¹C.S.O. 1437/28; C.S.O. 69/29.
- ⁴²Rutledge to H.O., 7 Dec. 1925, Fiji Inspectors (Rutledge) 1924-28.
- ⁴³C.P. 44/1924.
- ⁴⁴Rutledge to H.O., 7 June 1926, Inspectors Ltbk., 1925-26, 157-61.
- ⁴⁵Stockdale, 30-1.
- ⁴⁶*Pacific Islands Monthly*, 29 (1959), 6, 73-5. In the 1960s CSR paid more attention to the ranch.
- ⁴⁷Pearson, 'The probable effects of a fall in sugar prices ...', C.O. 83/189 file 73836.

- ⁴⁸Pearson, 'Attitude of the C.S.R. Co. towards rice growing', C.S.O. 2/36.
- ⁴⁹Stockdale, 32-3.
- ⁵⁰Rutledge to H.O., 17 May 1924, Fiji Inspectors (Rutledge) 1924-28.
- ⁵¹H. Dixon to Colonial Secretary, 30 July 1924, Private Ltbk. Out, 27 (1924-25), 178-80.
- ⁵²Stockdale, 29.
- ⁵³Pearson, 'A Survey on the Position of Indians in Fiji, September 1932', C.O. 83/199 file 93473. The year before the same point had been made by the Director of Agriculture. Barnes to Stockdale, 14 May 1931, C.O. 83/194 file 83874.
- ⁵⁴C.S.O. 2/99.
- ⁵⁵An account of the currency question in Fiji, 1930 to 1933, can be found in R.F. Holder, *Bank of New South Wales: A History. Volume II, 1894-1970*, Ch. 38. Unfortunately, Holder relies exclusively on Bank of New South Wales records, and his account is inaccurate as a result.
- ⁵⁶Fletcher to C.O., conf., 28 Jan. 1931, C.O. 83/193 file 83831.
- ⁵⁷CSR to Bank of New South Wales (hereinafter, BNSW), 16 Aug. 1923, Banks Out, 15 (1923-27), 14; CSR to BNSW, 5 Feb. 1931, Banks Out, 17 (1929-31), 371; CSR to BNSW, 26 Sept. 1931, Banks Out, 18 (1931-33), 98; CSR to BNSW, 25 Jan. 1932, Banks Out, 18 (1931-33), 156; CSR to BNSW, 26 Sept. 1933, Banks Out, 19 (1933-34), 188.
- ⁵⁸Hedstrom to Goldfinch, 15 Feb. 1933, C.O. 83/201 file 18432.
- ⁵⁹See generally C.O. 83/201 file 18432 (pts. 1-3).
- ⁶⁰Note of a meeting to discuss Fiji currency matters, held on 14 June 1933, in Sir J. Campbell's room, 2 Richmond Terrace, S.W.1', C.O. 83/201 file 18432 (pt. 3).
- ⁶¹Seymour to C.O., tel., 4 Mar. 1933, C.O. 83/201 file 18432 (pt. 1).
- ⁶²Nausori to H.O., 27 Sept. 1934, Nausori Private In, CSR mfm 236.
- ⁶³Nausori to H.O., 22 Dec. 1932, *ibid*.
- ⁶⁴Wright to C.O., 77, 5 Apr. 1935, C.O. 83/210 file 85044/35.
- ⁶⁵Nausori to H.O., 24 May 1934, Nausori Private In, CSR mfm 236.
- ⁶⁶P. Goldfinch, 'Memorandum to His Excellency the Governor of Fiji. To form the basis of discussion at Sydney. Friday, 23rd February, 1934. Native leases in Fiji', 23 Feb. 1934, CSR R 3.0/2/-.
- ⁶⁷F.C.T. Lord, 'Memo to Acting General Manager', 30 Aug. 1934, C.O. 83/207 file 38470.
- ⁶⁸Nausori to H.O., 15 Mar. 1935, CSR R 2.0/2/-.
- ⁶⁹'Memorandum to His Excellency the Governor ...', CSR R 3.0/2/-.
- ⁷⁰P. Goldfinch, 'Notes of my interview with Sir Murchison Fletcher, Governor of Fiji', 26 Feb. 1934, CSR R 3.0/2/-.
- ⁷¹Barton to C.O., 312, 31 Oct. 1936', Barton to C.O., 336, 17 Nov. 1936, C.O. 83/215 file 85214/36.
- ⁷²Ordinance 12 of 1940.
- ⁷³'Address to Fijian Chiefs and People by His Excellency Sir Arthur Richards, K.C.M.G., Governor, Prior to his departure from the Colony',

- C.O. 83/222 file 85044/38; 'Native Land Trust Regulations, 1940', C.P. 31/1940.
- ⁷⁴Luke to C.O., tel., 16 Oct. 1938; C.O. to Luke, tel., 19 Oct. 1938, C.O. 83/222 file 85044/38.
- ⁷⁵Bajpai to I.O., 20 July 1938, *ibid.*; Luke to C.O., tel., 16 Oct. 1938, C.O. 83/222 file 85044/38.
- ⁷⁶*Fiji Legislative Council Debates, 1940*, 95-119; minute, 14 July 1939, C.O. 83/277 file 85044.
- ⁷⁷Nausori to H.O., 29 Oct. 1937, Nausori Private In, CSR mfm 236.
- ⁷⁸Gillion, *The Fiji Indians*, 163.
- ⁷⁹Nausori to H.O., 3 Oct. 1933, Nausori Private In, CSR mfm 236.
- ⁸⁰'Memo to the General Manager. Fiji matters for discussion', 5 Feb. 1934, CSR R 3.0/2/-.
- ⁸¹Nausori to H.O., 1 Mar. 1938, Nausori Private In, CSR mfm 236.
- ⁸²Pearson, 'Co-operative Credit', 18 Oct. 1930, C.S.O. 2/25.
- ⁸³'Indebtedness and credit of Fiji cane farmers', *SFSM Newsletter*, 1 (1962), 7-8.
- ⁸⁴Pearson, 'Credit Facilities for Agriculturalists', 4 Mar. 1931, C.S.O. 2/25.
- ⁸⁵H.O. to Nausori, 16 May 1940, CSR R 2.0/2/-.
- ⁸⁶E.g. minute by Seymour, 1 June 1932, C.S.O. 31/46.
- ⁸⁷E.g. by Kilmer O. Moe, Principal of the Kamehameha School, Honolulu, who examined the Fiji sugar industry in 1929. CSR F 1.0/1/23.
- ⁸⁸Labasa to H.O., 7 Apr. 1928, CSR F 4.0/7/-.
- ⁸⁹*Persistent Poverty*, 253.
- ⁹⁰Pandit Hirday Nath Kunzru, who was president of the Servants of India Society and a member of the Council of State in New Delhi, wrote in 1938: 'I had no idea till I went to Fiji of the enormous power wielded by the C.S.R. Co. Its tenants are no better than labourers and completely under its thumb'. Quoted by Gillion, *The Fiji Indians*, 161.
- ⁹¹W.P. Dixon, 'The sugar industry in Fiji. Labour troubles and their solution', *Empire Production and Export*, 172 (1930), 250-6.
- ⁹²'Fiji Mills. Comparison and effect of improved work at the Fiji Mills since 1931', 21 Mar. 1944, CSR F 5.0/12/-.
- ⁹³Seymour to C.O., secret, 27 May 1933, C.O. 83/203 file 18469.
- ⁹⁴CSR's efforts to promote cane farming by Fijians is described by Timothy J. Macnaught, *Mainstream to Millpond? The Fijian Political Experience 1897-1940*, 307-16.
- ⁹⁵Colonial Sugar Refining Company Ltd, *Half-Yearly Report*, 31 March 1940.
- ⁹⁶The process of diversification is described in Lowndes (ed.), *South Pacific Enterprise*, Ch. 11.
- ⁹⁷In 1939 rice imports totalled £27,901, and imports of sharps were valued at £44,289. 'Trade report for the year 1939', C.P. 37/1940.
- ⁹⁸Wallace R. Aykroyd, *The Story of Sugar. Sweet Malefactor*.

Chapter 7

- ¹For the Indian challenge to European dominance see K.L. Gillion, *The Fiji Indians*, especially Ch. VII.
- ²For a survey of some of the literature on voluntary associations see James Nwannukwu Kerri, 'Studying Voluntary Associations as Adaptive Mechanisms: A Review of Anthropological Perspectives', *Current Anthropology*, 17 (1976), 23-47. See also Graham E. Johnson, 'Voluntary Associations and Social Change: Some Theoretical Issues', *International Journal of Comparative Sociology*, 16 (1975), 51-63.
- ³A.D. Patel, who was to champion the cause of farmers, was himself a landlord. Though there is no evidence that his tenants had less security than those of CSR, which was often the case when land was leased from Indians, the gross rental on one of his leases in 1947 was over four times as high. H.O. to Lautoka, 26 July 1947, Private Ltbk. Out, 70 (1947), 151.
- ⁴Ayodhya Prasad Sharma, *Kisan Sangh Ka Itihas*, vol. 1, 35.
- ⁵Gillion, *The Fiji Indians*, 164.
- ⁶Some of these younger growers would, nevertheless, have been sent by their fathers to harvest CSR's estates in the 1920s and 1930s, as part of the compulsory labour extracted from farmers by the company. The compulsory nature of the work would have hardly increased its appeal. Moreover it was physically exhausting, the heat was often intense and the cane was frequently infested with hornets. No wonder that when the labour supply increased, growers wanted to hire substitutes instead.
- ⁷C.Y. Shephard, *The Sugar Industry of Fiji*, 13.
- ⁸In support of a higher cane price, representatives of growers in January 1940 claimed that for some farmers harvesting expenses were almost 50 per cent of gross returns.
- ⁹For the grievance of farmers see Prasad, 37-45, 90, 182, 244.
- ¹⁰Fifteen is taken for conventional reasons, though in Fiji children younger than that and not at school frequently work on the farm. Similarly, older men often do relatively little work after the age of 50 or so.
- ¹¹Rutledge to H.O., 9 June 1926, Inspectors Ltbk., 1925-26, 166-8.
- ¹²Nor does it seem that there was an increase in the total area (including non-cane land) available for Indians to farm. From 1936 to 1940, the years for which figures are available, the total area of freeholds, leases of farm land and leases of native land actually fell by about 9,000 acres. *Blue Book of Fiji, 1936 and 1940*.
- ¹³Shephard, 26-7.
- ¹⁴*Blue Book of Fiji, 1936; C.P. 23/1946*.
- ¹⁵'Food and cash crops grown by cane growers', *Agricultural Journal*, Fiji, 18 (1947), 52.
- ¹⁶Report of the Sugar Cane Commission', C.O. 852/518 file 19666/56.
- ¹⁷Prasad, 80.
- ¹⁸Prasad, 92.
- ¹⁹Gillion, *The Fiji Indians*, 165.

- ²⁰Memorandum re telegram from Fiji 25/2/39, 1 March 1939, CSR R 3.0/2/-.
- ²¹Gillion, *The Fiji Indians*, 167-8.
- ²²Irving to Goldfinch, 14 April 1939, CSR R 2.0/2/-; Lord to Goldfinch, 25 May 1939, CSR R 3.0/1/-.
- ²³Though there have been comparatively few instances of this, farmers have always been afraid that mills would close at the end of the season before their cane was cut. So a field officer's threat to delay harvesting a farm till late in the season would have carried considerable weight.
- ²⁴Smith to H.O., 27 Aug. 1941, Inspectors Ltbk., 1940-43, 173-4.
- ²⁵H.O. to Nausori, 24 Nov. 1942, Private Ltbk. Out, 61 (1942-43), 67-72.
- ²⁶C.S.O. F 69/110; 69/155.
- ²⁷H.O. to Lautoka, 1 Dec. 1941, Private Ltbk. Out, 58 (1941-42), 164-8.
- ²⁸H.O. to Lautoka, 8 Apr. 1943, Private Ltbk. Out, 61 (1942-43), 464.
- ²⁹Smith to H.O., 10 Oct. 1941, Inspectors Ltbk., 1940-43, 220-1.
- ³⁰Prasad, 345.
- ³¹Smith to H.O., 22 Apr. 1940, Inspectors Ltbk. 1940-43, 49-53.
- ³²'Report of Sugar Cane Commission', C.O. 852/518 file 19666/56.
- ³³'Dispute in the Sugar Industry', C.P. 16/43.
- ³⁴C.S.O. F 2/210.
- ³⁵At the same time merchants seem to have done rather well. In May 1945 Morris Hedstrom Ltd had £1 million in surplus funds which they were trying to invest, preferably in Australia. Carver to H.O., 14 May 1945, Inspectors Ltbk., 1944-46, 143.
- ³⁶There were four Indian members of the legal profession in 1936 and seven in 1946. Census reports for 1936 and 1946, C.P. 42/1936, 35/1947.
- ³⁷H.O. to Nausori, 20 Jan. 1943, Private Ltbk. Out, 61 (1942-43), 252-3.
- ³⁸Mitchell to C.O., tel., 4 July 1943, C.O. 852/518 file 19666/56.
- ³⁹I am grateful to Mr Brij Lal for this point.
- ⁴⁰H.O. to Labasa, 2 July 1943, Private Ltbk. Out, 62 (1943), 234.
- ⁴¹R.W. Harman, 'Fiji Report', n.d., CSR F 1.0/3/25.
- ⁴²Minute by Carstairs, 10 Sept. 1943; Rook to Carstairs, 24 Sept. 1943, C.O. 852/518 file 19666/56.
- ⁴³Rothe to Watson, tel., 20 Sept. 1943, C.O. 852/518 file 19666/56.
- ⁴⁴H.O. to Watson, 15 Jan. 1943, London Out 1939-47, 2 (1941-43), 362-3.
- ⁴⁵H.O. to Lautoka, 22 Feb. 1943, Private Ltbk. Out, 61 (1942-43), 350.
- ⁴⁶Mitchell to C.O., tel., secret, 28 Feb. 1944, quoted by Gillion, *The Fiji Indians*, 185-6; H.O. to Watson, tel., 29 Dec. 1943, London Out 1939-47, 3 (1943-46), 106-7. Mitchell later became governor of Kenya, where his failure to heed District Officers' warnings of impending disturbances contributed to the outbreak of the Mau Mau rebellion in 1952.
- ⁴⁷Note of a meeting held in Mr Gent's Room at 5.00 p.m. on Monday, 6th December, 1943', C.O. 852/518 file 19666/56.
- ⁴⁸'Fiji Sugar Dispute', memo., 6 Dec. 1943, C.O. 852/418 file 19666/56.

- ⁴⁹Quoted in Gillion, *The Fiji Indians*, 181-2.
- ⁵⁰For a chronology of the main developments during the strike see Gillion, *ibid.*, 180-7.
- ⁵¹Gillion, *ibid.* 184.
- ⁵²'Fiji Sugar Dispute', memo., 6 Dec. 1943, C.O. 852/518 file 19666/56.
- ⁵³C.O. to Mitchell, tel., 13 Dec. 1943, C.O. 852/518 file 19666/56.
- ⁵⁴For an account of discussion on the marketing of Commonwealth sugar see Michael Moynagh, 'The negotiation of the Commonwealth Sugar Agreement, 1949-51', *Journal of Commonwealth & Comparative Politics*, 15 (1977), 172-7.
- ⁵⁵H.O. to Watson, 1 June 1944, London Out 1939-47, 3 (1943-46), 217-18.
- ⁵⁶Harman to H.O., tel., 10 June 1944, Private Ltbk. Out, 64 (1944), 121.
- ⁵⁷H.O. to Watson, 20 July 1944, CSR F 5.0/9/-; 'Fiji: General Discussion on our case at the forthcoming investigation by Dr Shephard', 13 Apr. 1944, CSR F 5.0/12/-.
- ⁵⁸Shephard, 30.
- ⁵⁹*ibid.*, 44.
- ⁶⁰*ibid.*, 29.
- ⁶¹H.O. to Watson, 31 July 1944, CSR F 5.0/9/-.
- ⁶²Shephard, 30.
- ⁶³S.J. Butlin, A.R. Hall, R.C. White, *Australian Banking and Monetary Statistics, 1817-1945*, Table 51.
- ⁶⁴Shephard, 30-1.
- ⁶⁵*ibid.*, 32-7.
- ⁶⁶H.O. to Harman, 6 June 1944, CSR F 5.0/7/-.
- ⁶⁷Gillion, *The Fiji Indians*, 185.
- ⁶⁸H.O. to Nausori, 27 Jan. 1947; Nausori to H.O., 30 Jan. 1947, Private Ltbk. Out, 69 (1946-47), 127-9.
- ⁶⁹H.O. to Nausori, 19 Nov. 1945, Private Ltbk. Out, 67 (1945-46), 33; Nausori to H.O., tel., 5 Jan. 1946; H.O. to Nausori, tel., 7 Jan. 1946, *ibid.*, 171-2.
- ⁷⁰H.O. to Nausori, 26 Apr. 1947, Private Ltbk. Out, 69 (1946-47), 371-2.
- ⁷¹H.O. to Nausori, 10 Sept. 1945, Private Ltbk. Out, 66 (1945), 343.
- ⁷²H.O. to Nausori, 12 July 1947, Private Ltbk. Out, 70 (1947), 102-3.
- ⁷³E.g. Burns *et al.*, 'Commission of Enquiry into the Natural Resources and Population Trends of the Colony of Fiji', *C.P.* 1/1960.
- ⁷⁴H.O. to Nausori and enclosures, 21 Mar. 1947 Private Ltbk. Out, 69 (1946-47), 268-77; H.O. to Watson, 16 Nov. 1951, CSR F 5.0/8/-.
- ⁷⁵H.O. to Nausori, 9 Dec. 1949, Nausori Private Out, 1947-50, CSR mfm 242; H.O. to Watson, 12 Mar. 1948, CSR F 5.0/8/-. This file also contains correspondence about proposals to establish a sugar board in the 1950s.
- ⁷⁶These were subsequently raised to 236,000 and 140,000 long tons respectively.

⁷⁷Moynagh, 'The negotiation of the Commonwealth Sugar Agreement, 170-90. From time to time it has been alleged in Fiji that during negotiations for the CSA, CSR's position as an exporter of sugar from both Fiji and Australia resulted in a conflict of interests that was to the disadvantage of the colony. In particular, it has been suggested that Fiji's overall agreement quota was smaller than it might have been. Now it is true that there was a conflict of interest. The West Indies wanted the colonies to press for a larger quota, if need be at the expense of South Africa and Australia. CSR strenuously resisted the idea and used its influence on the Fiji delegation, which included the company's London representative, H.R.F. Watson, to ensure that Fiji remained non-committal on the question. This defeated West Indian attempts to persuade the delegation to side with other colonial producers. However, it is most unlikely that a different approach by the Fiji delegation would have altered the outcome of the discussions, for at the time Britain desperately needed the co-operation of the dominions in limiting the outflow of dollars from the sterling area. This in itself was enough to defeat the West Indian proposals. In the final allocation of overall agreement quotas, the 170,000 long tons for Fiji was proposed by the Colonial Office and strongly resisted by all members of the Fiji delegation who felt it was too small. At the suggestion of the Colonial Office the Fiji government instructed the delegation to accept the Colonial Office proposal.

⁷⁸H.O. to Nausori, 28 Nov. 1950, Nausori Private Out, 1950-54, CSR mfm 242.

⁷⁹Negotiations for the new contract can be followed on CSR mfm 242.

⁸⁰*Transcriptions of the public hearings of the Fiji Sugar Inquiry Commission, 1961*, 105-8.

⁸¹Carver, 'Memo to the General Manager. Fiji Tenancy Agreement. Tenure Proposal', 22 Oct. 1952, Inspectors Memos. to the General Manager 1951-57, CSR mfm 254. CSR's negotiations with growers on this question can be followed on mfm 242 and 254.

⁸²Shephard, 28.

⁸³Butlin *et al.*, Table 51.

⁸⁴It is the annual increment in the value of fixed assets which has been expressed in approximate 1939 prices and then totalled - approximate, because the Cost of Living index *at the end* of each financial year has been used to express in 1939 prices the increments which resulted from capital expenditure *throughout* each year. See also note a to Table 7.12.

Chapter 8

¹Information kindly supplied by the Agricultural Experimental Station, FSC Ltd.

²FSC Ltd, 'Industrial Statistics Summary', Table 19(a).

³J.C. Potts, 'The Sugar Industry of Fiji: Its Beginnings and Development', *Transactions and Proceedings of the Fiji Society*, 7 (1958-59), 126. This was exports in the calendar year of 1950, not the 1950 crushing season.

⁴*Transcripts of the public hearings of the Fiji Sugar Inquiry Commission, 1961* (hereinafter referred to as the *Eve Inquiry*), 57.

- ⁵During the 1950s Indian members of the Legislative Council periodically pressed for constitutional changes which would have increased their influence on government. N. Meller and J. Anthony, *Fiji Goes to the Polls: The Crucial Legislative Council Election of 1963*, 16-17.
- ⁶R.M. Frazer, *A Fiji-Indian Rural Community*, 20.
- ⁷'Size of Farms', CSR U 3.0/3/-. Part of the increase was also due to the fragmentation of holdings.
- ⁸Carver to H.O., 4 Nov. 1952, Fiji Inspector, corres. with General Manager 1952-62, CSR mfm 682.
- ⁹Frazer, 21. Higher transport costs were not always offset by lower rents, as might be expected given the unfavourable location of lorry suppliers' land. According to the NLTB, up to the early 1960s rents were based primarily on the quality of the soil, and took little account of factors like distance from the mill. Moreover, new growers often paid more than those with fixed rents which had not been brought into line with the NLTB's and CSR's revised scales of rent (see Table 8.6).
- ¹⁰H.O. to Nausori, 28 Jan. 1960, Nausori Private Out 1958-60, CSR mfm 697.
- ¹¹'Industrial Statistics Summary', Table 17(b).
- ¹²A.V. Desai, 'The unemployment problem in Fiji', *Economic Bulletin for Asia & the Far East*, 24 (1973), 28.
- ¹³Burns *et al.*, 'Report of the Commission of Inquiry into the natural resources and population trends of the colony of Fiji, 1959', *C.P.*, 1/1960.
- ¹⁴*Eve Inquiry*, 55-6. From 1950 to 1955 CSR spent £A13 million on increasing the capacity of its Australian mills: total capital expenditure on its Fiji mills from 1950 to 1959 was around £F3.3 million. See Lowndes (ed.), *South Pacific Enterprise*, 94 and Table 8.9.
- ¹⁵Carver to H.O., 8 Sept. 1956, Fiji Inspector, corres. with General Manager 1952-62, CSR mfm 682. Carver mentions the number of women and children working on the farms in 1956 as something that was exceptional 'in recent years'.
- ¹⁶'Industrial Statistics Summary', Table 16(e).
- ¹⁷*ibid.*, Table 16(c).
- ¹⁸In 1959 there were 724 tractors in sugar districts: the number in 1950 was negligible. *Eve Inquiry*, p.39. During the hearings (p.230), A.D. Patel stressed the point that tractors were bought to provide employment for relatives.
- ¹⁹Frazer, 22.
- ²⁰'Development of cane farming - areas cultivated', CSR U 3.0/3/-. This figure excludes the 2,739 acres cultivated by CSR.
- ²¹Frazer, 23.
- ²²*ibid.*, 22.
- ²³Census reports for 1956 and 1966, *C.P.* 1/1958; 9/1968.
- ²⁴*Eve Inquiry*, 39-43.
- ²⁵*ibid.*, 88.
- ²⁶*ibid.*, 92-6.

- ²⁷*ibid.*, 88. Premiums were paid because fixed rents no longer reflected the market value of the land.
- ²⁸This section is based on my article, 'Land tenure in Fiji's sugar cane districts since the 1920s', *Journal of Pacific History*, 13 (1978), 53-73.
- ²⁹Minute, 14 July 1939, C.O. 83/227 file 85044/39.
- ³⁰*Report of the Native Land Trust Board for the year 1967.*
- ³¹The NLTO had removed the obligation on landlords to compensate outgoing tenants for improvements.
- ³²'Industrial Statistics Summary', Table 19(a).
- ³³*Report of the Native Land Trust Board for the year 1963.*
- ³⁴*ibid.*, 1967.
- ³⁵H.O. to Nausori, 18 Apr. 1957, Nausori Private Out, 1954-58, CSR mfm 242.
- ³⁶Michael Ward, *The Role of Investment in the Development of Fiji*, 65.
- ³⁷Ayodhya Prasad Sharma, *Kisan Sangh ka Itihas*, vol. II, 321-9.
- ³⁸There is room for a study of economic differentiation among cane growers and its effects, if any, on political and social action.
- ³⁹The proposal was favoured by A.D. Patel, but after first supporting the idea it was opposed by Ayodhya Prasad, who feared the company would get into the hands of the Gujeratis. Prasad, 359-64.
- ⁴⁰Nausori Private Out, 1958-60, CSR mfm 697, *passim*.
- ⁴¹'Industrial Statistics Summary', Table 19(b).
- ⁴²*ibid.*, Table 3(a)(i).
- ⁴³'Report on the Sugar Board of Inquiry, 1959', C.P. 26/1959.
- ⁴⁴*Eve Inquiry*, 33.
- ⁴⁵H.O. to Nausori, 12 June 1959, Nausori Private Out, 1958-60, CSR mfm 697.
- ⁴⁶CSR Memo., 'Sugar in the Fiji Economy', 1959, CSR Library, 15-16; see also Prem K. Charan, The 1960 Fiji Sugar Dispute: the cane growers versus the company, 30-3.
- ⁴⁷Because of the greater efficiency of its operations, not only in Australia but also in Fiji, CSR had been less forward than other Commonwealth producers in pressing for an increase in the price of raw sugar during the late 1940s. Michael Moynagh, 'The Negotiation of the Commonwealth Sugar Agreement, 1949-51', *Journal of Commonwealth & Comparative Politics*, 15 (1977), 182-3.
- ⁴⁸'Sugar in the Fiji Economy', 10.
- ⁴⁹For a fuller account of the negotiation of the agreement, see Moynagh, 'The Negotiation of the Commonwealth Sugar Agreement, 1949-51'.
- ⁵⁰Table 8.2.
- ⁵¹H.O. to Nausori, 27 Aug. 1954, Nausori Private Out, 1950-54, CSR mfm 242; H.O. to Nausori, 11 Sept. 1958, Nausori Private Out, 1958-60, CSR mfm 697.
- ⁵²Interview with Mr J.E. Twentyman, 29 Aug. 1977.

- ⁵³Colonial Sugar Refining Company Ltd, *Half-Yearly Report*, 31 Mar. 1957.
- ⁵⁴'Nausori mill — crop data', CSR F 1.0/3/24, with adjustments to allow for actual cane crushed in 1956.
- ⁵⁵Vernon, 'Memorandum to the General Manager. Nausori', 24 Sept. 1956, CSR F 1.0/3/27.
- ⁵⁶'Future of Nausori', 22 Apr. 1955, CSR F 1.0/3/24; 'Nausori Overhead costs', 24 May 1956, CSR F 1.0/3/25.
- ⁵⁷Vernon, 'Nausori Cane Price', 28 Apr. 1955, CSR F 1.0/3/26.
- ⁵⁸'Notes of a meeting held at Nausori, 21 Aug. 1956', CSR F 1.0/3/24; Dixon, 'Memorandum to the General Manager. Nausori Mill', 31 Aug. 1956, CSR F 1.0/3/26; Vernon, 'Closure of Nausori. Notes for discussion', 4 Feb. 1957, CSR F 1.0/3/27.
- ⁵⁹'Rice Milling and Marketing Project, Nausori', C.P. 10/1959.
- ⁶⁰H.O. to Nausori, 11 Apr. 1956, Nausori Private Out, 1954-58, CSR mfm 242.
- ⁶¹Colonial Sugar Refining Company Ltd, *Half-Yearly Report*, 31 Mar. 1949.
- ⁶²Interviews with J.E. Twentyman, 29 Aug. 1977, and J.C. Potts, 9 Sept. 1977.
- ⁶³H.O. to Nausori, 23 Sept. 1960, Nausori Private Out, 1958-60, CSR mfm 697; 'Aide Memoire for Chairman's first meeting with Sir Malcolm Eve', 5 Apr. 1961, CSR U 3.0/3/-.
- ⁶⁴Interview with J.C. Potts, 9 Sept. 1977.
- ⁶⁵H.O. to Nausori, 6 Mar. 1959; H.O. to Nausori, 30 Oct. 1959, Nausori Private Out, 1958-60, CSR mfm 697.
- ⁶⁶H.O. to Nausori, 28 Jan. 1960, Nausori Private Out, 1958-60, CSR mfm 697; 'Brief on dispute in sugar industry', official paper prepared for Capt. Julian Amery, 3 Oct. 1960.
- ⁶⁷H.O. to Nausori, 11 Apr. 1960, Nausori Private Out, 1958-60, CSR mfm 697.
- ⁶⁸H.O. to Nausori, 30 Mar. 1960; H.O. to Nausori, 6 May 1960, Nausori Private Out, 1958-60, CSR mfm 697.
- ⁶⁹'Brief on dispute in sugar industry' (see note 66 above).
- ⁷⁰Nausori to H.O., 25 July 1960, Chief Manager to H.O. Private Inwards, May-July 1960, CSR mfm 350.
- ⁷¹Patel's motives have also been discussed by Charan (65-70), who believes he was inspired mainly by an altruistic desire to help farmers and felt that the 24 July agreement was not in the growers' best interests.
- ⁷²Charan, 90-2.
- ⁷³H.O. to Nausori, 28 Jan. 1960, Nausori Private Out, 1958-60, CSR mfm 697.
- ⁷⁴'Brief on dispute in sugar industry' (see note 66 above).
- ⁷⁵H.O. to Nausori, 30 Mar. 1960, Nausori Private Out, 1958-60, CSR mfm 697.
- ⁷⁶H.O. to Nausori, 6 May 1960, Nausori Private Out, 1958-60, CSR mfm 697.
- ⁷⁷'Brief on dispute in sugar industry' (see note 66 above).
- ⁷⁸Dixon to Vernon, 3 Mar. 1961, CSR U 3.0/3/-.
- ⁷⁹*Who's Who* 1960.
- ⁸⁰Dixon to Vernon, 3 Mar. 1961.

- ⁸¹Chief Manager, Fiji to H.O., tel., 3 Feb. 1961, CSR U 3.0/3/-.
- ⁸²Mutton to Bennett, 6 Jan. 1961; Bennett to Mutton, 18 Jan. 1961, CSR U 3.0/3/-.
- ⁸³Dixon to Vernon, 3 Mar. 1961, CSR U 3.0/3/-.
- ⁸⁴'Report of the Fiji Sugar Inquiry Commission', C.P. 20/1961.
- ⁸⁵Growers were especially opposed to the planning, grading and licensing proposals. Minutes of Sugar Advisory Council meeting, 27 Apr. 1964.
- ⁸⁶In 1973 the minimum was increased to fifteen acres because ten acres was thought to be too small to support a farmer and his family. Since the end of 1975 there has been no minimum. Interview with B.J. Robertson, 8 Jan. 1976.
- ⁸⁷Mill managers were divided as to whether it was CSR's responsibility to encourage mixed farming. Potts was the most in favour, but thought it was the millers' responsibility only 'to a point'. 'Report of the Fiji Sugar Inquiry Commission. Notes on Managers' Conference - Nausori. 14-16 Sept. 1961', Fiji Inspector, Corres. with General Manager 1952-62, CSR mfm 682.
- ⁸⁸Only 2.2 per cent of paid up capital was distributed as shares to Fiji residents after SPSM was converted to a public company in 1964: CSR had hoped that 40-50 per cent of all shares would be held by people in Fiji. *Transcripts of the Denning Arbitration Hearings*, 755.
- ⁸⁹*Eve Inquiry*, 383-4.
- ⁹⁰*ibid.*, 12-13; 20.
- ⁹¹On 25 Sept. 1975, when some of the growers' representatives led by A.M. Koya withdrew. The meeting was called to discuss the Narborough report on proposed deductions to build up the price stabilization fund.
- ⁹²*Eve Inquiry*, 301-2. In 1952 CSR had estimated that the value of 3,000 tons of molasses from Nausori was worth £F21,375 at the distillery, but growers received only £2,000. Carver, 'Memo to the General Manager. Nausori Mill', 10 Apr. 1952, 'Inspectors' Memos. to the General Manager 1951-7', CSR mfm 254.
- ⁹³A.R. Mutton told the company, 'I am obliged to repeat to C.S.R. ... that C.S.R.'s dep. and rep. concepts are simply not acceptable to any school of accountancy thought. These schools range from dyed-in-the-wool historical cost to dyed-in-the-wool capital erosion of the Mutton type, with several schools in between. C.S.R. has set itself up as a special school which is not acceptable to any one of the other schools'. 'Notes by A.R. Mutton', 6 Apr. 1961, CSR U 3.0/3/-.
- ⁹⁴*Eve Inquiry*, 181-3; 327-30.
- ⁹⁵'Notes by A.R. Mutton', CSR U 3.0/3/-.
- ⁹⁶Chief Manager, Fiji to H.O., tel., 3 Feb. 1961, CSR U 3.0/3/-.
- ⁹⁷'Aide Memoire for Chairman's first meeting with Sir Malcolm Eve', 5 Apr. 1961, CSR U 3.0/3/-.
- ⁹⁸*The Award of the Rt. Hon. Lord Denning in the Fiji Sugar Cane Contract Dispute 1969*, 4.
- ⁹⁹'Report of the Fiji Sugar Inquiry Commission', 10.
- ¹Hubert Humphrey to Orville Freeman, 12 June 1961, enc. with H.O. to Chief Manager Fiji, 23 June 1961, H.O. to Chief Manager 1961-65, CSR mfm 697.

²Sugar Industry Ordinance, *Annual Report for the 1974 Season*, 10.

³The exact formula was 11½ per cent of the certified costs of growers' services, cane transport, manufacture, sugar transport and storage, which was normally about 10 per cent of 'sugar making costs'.

⁴In 1956 several growers contested the right of CSR to levy farmers for the cost of maintaining drains. They won their court case, and thereafter important drainage work virtually ceased. The government has recently taken up the problem.

⁵Fisk, *The Political Economy of Independent Fiji*, 64-6.

⁶'Mill profit and loss accounts', Chief Accountant, CSR Ltd, Sydney.

⁷R.C. White, *Australian Banking and Monetary Statistics, 1945-70*, Table 120.

Chapter 9

¹This point was made to me by several people in Fiji.

²Schedule 1, *Documents submitted by SPSM* (to the Denning arbitration commission), vol. 4, CSR Library. In 1968 Fiji's currency was changed from denomination in pounds to dollars, the conversion rate being £1 = \$2. In this chapter, when figures relate to the period before 1968 they will be expressed in pounds, and when they relate to the years after 1968 (or to both periods) they will be expressed in dollars with the old currency equivalent in parentheses.

³SPSM, *Annual Report for 1962*; SPSM Ltd, *Annual Report for the year ended 31 March 1969*. The figures are for calendar years, not seasons.

⁴They seem to have been especially pleased when told confidentially by Mr Birch, Australian Commissioner in Fiji, that independence might lead to closer relations between Fiji and Australia. 'Mr Birch at one stage remarked that the Australian Government can hardly become involved in Fiji, in any substantial way, so long as Mother (the U.K.) remains here'. Managing Director at Lautoka to General Manager, Fiji Division, 11 Sept. 1969, 'Private corres. during the course of the Denning Arbitration, Aug./Sept. 1969', Sugar Division, CSR Ltd, Sydney.

⁵Due to be published in August 1978.

⁶A.V. Desai, 'The unemployment problem in Fiji', *Economic Bulletin for Asia & Far East*, 24 (1973), 30, 35.

⁷Reasons for the fall in the birth rate are discussed by Norma McArthur, 'Fertility and Marriage in Fiji', *Human Biology in Oceania*, 1 (1971), 10-22. See also Tarence and Valerie Hull, 'Fiji: A study in Ethnic Plurality and Family Planning', in T.E. Smith (ed.), *The Politics of Family Planning in the Third World*, 168-216.

⁸FSC Ltd, 'Industrial Statistics Summary', Tables 23 and 61. Sugar from the 1961 season was sold under the terms of the Eve contract.

⁹Of course, changes in the retail price index is not an accurate reflection of changes in farm costs.

¹⁰1961, when earnings were particularly low, is excluded because results were distorted by the depressive effect on yields of the 1960 strike, during which farms were neglected, some ratoons ploughed in and significant areas of cane left standing for harvesting the next year.

¹¹Bureau of Statistics, *Employment Survey, Fiji 1974*, Table 19.

- ¹²This section is based on my article, 'Land tenure in Fiji's sugar cane districts since the 1920s', *Journal of Pacific History*, 13 (1978), 53-73.
- ¹³Interview with J.C. Potts, 9 Sept. 1977. In 1964, as CSR's Inspector for Fiji, Potts suggested this to government, but by then the Agricultural Landlord and Tenant Ordinance was under consideration.
- ¹⁴Burns *et al.*, 'Report of the Commission of Enquiry into the Natural Resources and Population Trends of the Colony of Fiji 1959', C.P. 1/1960, Ch. 6.
- ¹⁵*Report of the Native Land Trust Board for the year 1963.*
- ¹⁶In 1969 the NLTB estimated that 5 per cent of all Indian-owned leases were on reserved land and could not be renewed when they expired.
- ¹⁷'Report of the Agricultural Landlord and Tenant Committee, 1961', C.P. 30/1962.
- ¹⁸Annual Reports of the NLTB for the years 1963-65.
- ¹⁹Ordinance 23 of 1966.
- ²⁰*Report of the Native Land Trust Board for the year 1966.*
- ²¹In 1976 ALTO was amended with the result that Indians have security of tenure till virtually the end of the century.
- ²²Department of Co-operative Societies, *Indian Credit Survey in Fiji* (1961), 8.
- ²³'Co-operatives Department, Report for two years 1969 and 1970', P.P. 5/1973.
- ²⁴Sugar Price Stabilization Fund Board, *Ninth Annual Report for the Year Ended 31st December 1968.*
- ²⁵*The Award of The Rt. Hon. Lord Denning in the Fiji Sugar Cane Contract Dispute, 1969* (hereinafter *Denning Award*), 33-4.
- ²⁶Barry D. Shaw, Rural credit for seasonal cash crops: Indian cane farmers in Fiji, 286-90.
- ²⁷*ibid.*, 186-8.
- ²⁸*ibid.*, 293.
- ²⁹*ibid.*, 310-11.
- ³⁰This point was made on several occasions during the public hearings held by Lord Denning in 1969. See *Transcripts of the Denning Arbitration Hearings.*
- ³¹For an account of the 1968 by-elections see J.M. Anthony, 'The 1968 Fiji By-Elections', *Journal of Pacific History*, 4 (1969), 132-5.
- ³²'Comparison of contracts', *Documents submitted by SPSM*, vol. 1, 1-9.
- ³³Marsack to SPSM, 12 Apr. 1969, records of the Sugar Advisory Council, Suva.
- ³⁴'Industrial Statistics Summary', Tables 3(a)(i) and 5.
- ³⁵*Transcripts of the Denning Arbitration Hearings*, 415.
- ³⁶Sir Alfred Denning, *The Road to Justice*, 1-2.
- ³⁷*ibid.*, 91.

- ³⁸*ibid.*, 98-9.
- ³⁹*ibid.*, 104-9.
- ⁴⁰Interviews with Swami Rudrananda, 18 May 1976, and R.D. Patel, 18 May 1976.
- ⁴¹'Fiji's Sixth Development Plan, 1971-5', C.P. 25/1970. The plan was in preparation during 1969.
- ⁴²'Notes prepared by Mr Kermode following meeting with Lord Denning on Mon. 18 Aug. 1969', in 'Private corres. during the course of the Denning Arbitration, Aug./Sept. 1969', Sugar Division, CSR Ltd, Sydney.
- ⁴³*Denning Award*, 2.
- ⁴⁴*Denning Award*, 9.
- ⁴⁵Memo., 'Denning Report', 2 Feb. 1970, Sugar Advisory Council file entitled 'Denning Report'.
- ⁴⁶Colonial Sugar Refining Company Ltd, *Lord Denning's Award Concerning the Fiji Sugar Cane Contract Dispute: Observations on its Consequences and Mistakes*.
- ⁴⁷*Denning Award*, 39.
- ⁴⁸*Fiji Times*, 23 Mar. 1970.
- ⁴⁹'Industrial Statistics Summary', Tables 23 and 61.
- ⁵⁰*Denning Award*, 33-6.
- ⁵¹Memo. on possible future actions of SPSM, n.d., Sugar Advisory Council file on 'Denning Report'.
- ⁵²Colonial Sugar Refining Company Ltd, 1.
- ⁵³Responsibility for marketing Fiji sugar and molasses was taken over on 1 Apr. 1977 by the Suva-based Fiji Sugar Marketing Company Ltd.
- ⁵⁴One informant told me that the valuation was on the basis of replacement cost less depreciation, another that it was based on the earning capacity of the mills.
- ⁵⁵Australian Bureau of Statistics, *Banking and Currency*, Bulletin no.11 (1972-73), Table 76.
- ⁵⁶In January 1969 the Retail Price Index which had operated since 1960 was replaced by the Consumer Price Index which was calculated on a different basis. Only an aggregate figure for capital expenditure from 1962 to 1967 is available.
- ⁵⁷Interview with Gwyn Bowen-Jones, 10 June 1976.
- ⁵⁸Fiji Sugar Corporation Ltd, *Directors' Report and Statement of Accounts for Year Ended 31st March, 1975*.
- ⁵⁹An econometric study of the Seaqaqa Scheme has been undertaken by Mr David Evans, a Ph.D. scholar at the Australian National University.
- ⁶⁰Interview with R.D. Patel, 18 May 1976.
- ⁶¹R.G.R. Wall, 'Future structure of the sugar industry in Fiji', 1972; R. Lallah and R.H. Goode, 'Administrative structure of the sugar industry', 1972. Copies are in the library, University of the South Pacific, Suva.
- ⁶²Fiji Sugar Corporation Ltd, *Directors Reports and Statements of Accounts*, 1973-6. More recently the dividend has been raised to 10 per cent.
- ⁶³The average price received for cane in the 1974 season was about \$20.9 per

ton (Sugar Industry Ordinance 1961, *Annual Report for 1975 Season*). Farm costs in 1974 were estimated to be \$7.50 per ton of cane (see United Nations Development Advisory Team, *Report to the Independent Chairman on a study of the Fiji Sugar Industry 1974*, Ch. 3). Profit per ton of cane therefore was \$13.40. With average farm output at 132 tons ('Industrial Statistics Summary', Table 55), average profit per farm was \$1,768.80 (approx. £884). But this was an exceptionally good year for growers.

⁶⁴Interview with Gwyn Bowen-Jones, 10 June 1976.

⁶⁵This was 70 per cent of total proceeds after deducting \$360,000 as a contribution to the cost of the Agricultural Experimental Station. The UNDAT team had recommended a deduction of \$250,000. Minutes of Sugar Advisory Council meeting, 7 Mar. 1975.

⁶⁶Though the conflict between millworkers and millers has not been dealt with here, it has been – and still is – of great importance and warrants proper treatment.

⁶⁷In Bangladesh tobacco, potatoes, quinine and other spices are grown in a system of mixed farming with cane. In Taiwan rice, sweet potatoes, peanuts, tomatoes, soya beans, cotton and flax are grown interrow with cane when the plant cane is young. Recently, research on mixed farming has been undertaken in Fiji, but the application of its results is still not given high priority.

⁶⁸This is based on papers prepared for the National Agricultural Outlook Conference, Canberra, 24 to 26 January 1978.

⁶⁹Andrew McGregor, *The Lomé Convention and the ACP Sugar Exporters: the political economy of conflicting policies, passim*. However, in the autumn of 1979 a significant rise in the world sugar price occurred due to unexpected demand from Russia and China, the possibility of a Cuban short-fall and a rise in precious metal prices. At the time of writing, it is unclear if the rise of sugar prices will be sustained.

⁷⁰This section is based on Charlotte Leubuscher, *The Processing of Colonial Raw Materials*, 110-18.

Chapter 10

¹In 1960 the value of CSR's assets outside the mills in Fiji were far greater than in Queensland. 'Report of the Fiji Sugar Inquiry Commission', C.P. 20/1961.

²In 1953 CSR's Dr Harman noted that unlike sugar companies in Hawaii CSR had no agronomist on its Fiji staff, though one was appointed soon after. He also commented, 'I cannot help feeling that field work does not get the detailed supervision that the Inspecting Chemists and Inspecting Engineers give to our mills If we are to keep problems connected with the cane growing industry away from the Department of Agriculture in Fiji, there is no doubt in my mind that we must do more than what we are doing now.' R.W. Harman, 'Visit to Fiji 27th August to 19th September, 1953', CSR F 2.0/7/-.

³Interview with Mr M. Krishnamurthi, 11 May 1976.

⁴FSC Ltd, 'Industrial Statistics Summary', Tables 3(a)(i), 5, 19(c), 23, 55, 61.

- ⁵Andrew McGregor, The Lomé Convention and the ACP sugar exporters: the political economy of conflicting policies, 74-87.
- ⁶*Persistent Poverty*, 117-121.
- ⁷It has also been due to the small size of the population, which has limited the development of import substitute industries.
- ⁸Census reports for 1936 and 1956, *C.P.* 42/1936, 1/1958.
- ⁹Burns *et al.*, 'Commission of Enquiry into the Natural Resources and Population Trends of the Colony of Fiji', *C.P.* 1/1960.
- ¹⁰C.S.O. 2/226.
- ¹¹Trade Reports for 1913, 1939 and 1974, *C.P.* 53/1914 and 36/1940, *P.P.* 10/1975.
- ¹²O.H.K. Spate, 'The Fijian People: Economic Problems and Prospects', *C.P.* 13/1959.
- ¹³Michael Ward, *The Role of Investment in the Development of Fiji*, 28.
- ¹⁴Gillion, *The Fiji Indians*, 122.
- ¹⁵Census report for 1966, *C.P.* 9/1968.
- ¹⁶*C.P.* 13/1959.
- ¹⁷For example, the spread effects of tourism seem to be small. A study of the tourist industry is being undertaken by Mr Stephen Britton, a Ph.D. scholar at The Australian National University.
- ¹⁸Thurston to Gordon, 3 Mar. 1879, in Stanmore, *Fiji: Records of Private and of Public Life 1875-1880*, IV, 271-2. I am grateful to Dr Scarr for drawing my attention to this quotation.

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The following have been cited in the text, or were found useful in preparing the thesis.

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Records for the period to 1947 are housed with the Archives of Business and Labour, The Australian National University. They include copies of correspondence (mainly in the form of letterbooks) between head office and each of the mills, the company's inspectors, the banks, etc. The records are so extensive that it has not been possible to consult them all. 'High policy' matters tended to be dealt with in correspondence between head office and CSR's Attorney (or Chief Manager) in Fiji, who was normally based at Nausori. The Inspectors' Letterbooks are also a key source. The series of Private Letterbooks contains useful information, but amid a wealth of relatively unimportant detail (e.g. appointment of junior staff).

Many of these records are also on microfilm in the Correspondence Department of CSR Ltd, which also keeps on microfilm copies of correspondence for the post-1947 period.

CSR's library contains files of correspondence copied (or extracted) from letterbooks and now arranged by subject. They, too, are a valuable source. There is an excellent card index to the contents of the files. The library also houses an extensive collection of books, journals, etc. relating to technical and other aspects of sugar production throughout the world.

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