

Looking Back: Fiji and Malaysia

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Abstract

This paper examines developments in ethnic policies in Fiji and compares them with developments in Malaysia. A major focus is on the policies in the two countries on increasing indigenous participation in commerce. It is found that the policies of various governments in Fiji on increasing indigenous Fijian participation in commerce, closely resembles the model followed in Malaysia. The results in Fiji also closely mirror the results in Malaysia.

Introduction

The struggle of indigenous Fijians in business is not a unique issue. Similar problems have been faced by the indigenous Malays in Malaysia. To some extent Fiji and Malaysia have similar development policies put in place by their respective governments for the enhancement of the indigenous population in modern commerce. This paper compares Fiji and Malaysia in terms of policies adopted to encourage indigenous businesses. The paper commences with a brief discussion of the economic performances and achievements of Indo-Fijians in Fiji and the Chinese and Indians in Malaysia during the colonial era. It then examines the similarities between the Malays and Indigenous Fijians, and examines the policies put in place by the two governments for the advancement of the indigenous people in business.

Immigrant Labour in Fiji

Among other factors, the impoverishment and political uncertainty in India during the mid nineteenth century and early twentieth century fuelled the desire of Indian men and women to search for alternative livelihood opportunities away from their home villages. The availability of job opportunities in the Caribbean, South America, Africa, and Malaysia led a significant number of Indians to opt for these lands. Sir Arthur Gordon, the first sub-

stantive Governor of Fiji had an experience with Indian indentured workers in Mauritius and Trinidad. Soon after arrival in Fiji, he proposed the adoption of the indentured system in Fiji to assist in his leadership of the country. By introducing indentured workers from India into Fiji he intended to provide Fiji with a regular labour supply for its economic needs and at the same time keep intact his native policy (Ali, 1980). The contract, or agreement, which the indentured workers called 'giritmit', between the colonial state and the workers, was for five years of service. The giritmit could be extended for another five years in which case at the end of the tenth year, the indentured worker could return to his home country with the expenses paid by the government.

A significant proportion of the workers decided to stay in Fiji for longer periods, which eventually became a period of permanent residence. Workers were encouraged by the Colonial Government to stay longer through the distribution of land leases to thousands of Indian farmers with whose labour the modern economy was built (Norton, 1990). The Indians lived through a life of social turmoil that, to some extent, tore down the barriers of caste system, as well as provided an object lesson and ethos especially of living and tirelessly toiling if they had to survive in a completely foreign land. 'To serve one had to make sacrifices and live a life of industry in an intensely competitive capitalist system', writes Ali (1980: 12). 'Giritmit taught them the lesson that they must survive and subsist first and foremost in this world or else all was nought. It provided them with the incentive, determination, orientation, acquisitiveness and individualism for success in the capitalist system' (Ali, 1980: 12).

The gradually rising economic power of the ex-giritmitiyas was boosted by their rising population relative to Europeans and indigenous Fijians. Table 1 shows the changing trends in Fiji's population compositions.

Table 1: Population Compositions, 1911-1986

	Indigenous Fijians	Indian Fijians	Others
1911	62.42	28.87	8.71
1921	53.71	38.56	7.73
1936	49.22	42.85	7.93
1946	45.43	46.33	8.24
1966	42.41	50.54	7.05
1986	46.03	48.74	5.22

(Sources: Ali, 1980; Norton, 1990)

By 1936 the indigenous population no longer constituted the majority population group in their homeland. At the same time it was obvious that the Indo-Fijians were increasingly participating in the commercial life of the country, with the indigenous Fijians being non-competitors. The latter remained landowners, while Europeans dominated large businesses. Norton writes: 'Fiji's prosperity, it was often said, depended on the collaboration of Europeans capital, Indian labour, and Fijian land. Fiji as the "three-legged stool'" (1990: 41).

Europeans, however, began perceiving Indo-Fijians as a threatening economic force. The Europeans depended mostly on Indo-Fijian labour for the profitability of their businesses, but they needed the political support of the indigenous Fijians to maintain domination in the country.

The end of the Girit era saw the gradual inflow of another group of Indian immigrants. Coming as 'free migrants', the petty traders, almost all of Gujerati ethnic group, had their main interest in merchandising rather than small scale agricultural production. Gradually increasing competition between European traders and Gujerati traders spilled over into political competition. The colonial state supported European traders; for the Gujerati traders to get state assistance, the nature of the state had to be changed. Thus Gujerati lawyers and businessmen played an active role in the struggle for unity and political equality between Indo-Fijians and Europeans, and Fiji's eventual political independence.

Malaysia's Immigrant Labour

Unlike Fiji, Malaysia's immigrant labour history goes well before 1874, the year Fiji was colonized by the United Kingdom. In Penang, for example, the Chinese population was estimated at 3,000 in 1794, and at 28,018 in 1860. In 1812, Indian population there was estimated to be at 7,113 and at 9,681 in 1840. In the Laurat Valley, there were only 3 Chinese before 1850, but this swelled to between 20,000 and 25,000 by 1862, and to 40,000 by 1872 (Hui, 1980). In Sungei Ujon the Malays and Chinese population were 3,200 and 400 respectively in 1850; by 1874 the Chinese population rose to 15,000 (Hui, 1980).

Chinese immigrants were strongly attracted by tin mining in Malaysia after the 1850's. Tin mining was carried out in partnership with the Malay chiefs who received a royalty from the Chinese miners. The tin mining industry besides changing the demographic composition of Malaya, intensified feuds between Malay chiefs; these resulted in wars between the Chinese over the lucrative mining areas (Hui, 1980).

As for the Indian indentured workers to Fiji, 'the social and economic

turmoil experienced by the peasantry in India and China provided the "push" factors for the migration of labour from these countries,' (Hui, 1980). According to B.N. Chan (1977) the Chinese and Indian immigrants left their homelands at a time when their countries were at a stage of transition from feudalism to semi-feudalism and semi-capitalism. The indenture system in Malaysia ended in 1914. By 1913, about 225,000 Chinese were employed in the mining industry in Malaysia. The biggest number of Indian immigration recorded was in the 1910s with 100,000 arriving annually but about half the number returned home each year (Hui, 1980).

Migration into Malaya continued even after the abolition of the indentured labour system. By 1931 Chinese people comprised 39% of the total population while the Malays comprised 44%. In 1933, the Aliens Ordinance was promulgated; in 1938 there was a discontinuation of labour immigration into Malaysia. By then, however, one

witness[es] the beginnings of a permanently settled immigrant population that began to demand more economic and political rights in the country that they now considered their home. On the economic front, we witness the rise of the labour movement and labour militancy. On the political front, there were increasing demands for participation in the administrative and political affairs of the country especially by the local born Chinese (Hui, 1981: 144).

The economic and political demands of immigrant labour were shattered between 1942 and 1945 when the Japanese seized Malaya from the British. The Japanese rule over the Chinese was characterised by bitterness and brutality. The Japanese tried to gain the support of the Indian population through a more flexible policy towards them vis-à-vis the Chinese; the policy, however, was limited to the Indian elite and not the masses, to whom the Japanese were 'harsh and alienating, sending thousands to their deaths from working on railroads' (Hui, 1980). Japanese occupation led to an erosion of traditional leadership amongst the Chinese business elite.

The return of British colonial rule after the war was welcomed as Malay aristocrats and bureaucrats preferred the continued protection rendered to them by British colonialism. The Malaysian economy at that time comprised mainly of tin and rubber production, in which Malay participation was at 14%, Chinese share was 14%, and European share stood at 60-70%. Between then and the 1960's, Chinese economic strength grew considerably in Malaya. 'While constitutional provisions ensured the state apparatus was predominantly in Malay hands, the Chinese constituted the major compo-

ment of the yet undeveloped local economic bourgeois class. After the 1969 riots, the policy of state acquisition of foreign and Chinese enterprises stood at the forefront of national agitations (Halim, 1990).

The Indigenous in Malaysia and Fiji

During the colonial period the Malayan economy was largely subsistence, with plentiful land and other resources at the disposal of the Malay producers. The Malays were not attracted to wage labour. The Perak Annual Report for 1889 states that a Malay absolutely refused to hire himself out as a labourer on any term that a planter could offer. If the harsh working conditions in the plantations and mines were contradictory to the relative ease of the Malay subsistence way for life, unrestrained access to land and other resources for livelihood provided no incentive for the Malays to work for a wage. A similar situation was found in Fiji. The indigenous Fijians had access to vast areas of land and abundance of other resources. The harsh conditions of plantation life also provided no attraction for the indigenous Fijians. The colonial economy of both these countries, therefore, had to rely on immigrant workforces. In both these countries, the immigrant population eventually came to form the backbone of the respective economies. In both, however, the Malays and indigenous Fijians began to desperately lag behind the descendants of immigrant workers in terms of their participation in the mainstream economies.

After serving their harsh and laborious terms as indentured labourers those who made Malaysia and Fiji their permanent homes acquired land for commercial cultivation. Other immigrants established small businesses. The natives, on the other hand, continued to be confined to their traditional modes of production. Where commerce was introduced, it was done so on the basis of traditional social relationships. Neither the Malays, nor the Indigenous Fijians were proletarianised. From a political view, it was safer to keep the Malays as yeoman peasants than to proletarianise them (Hing 1980); as peasants, they could produce crops like rice cheaply, thereby keeping wage pressures low, yet maintaining a safe distance away from the competitive commercial world. The majority of the Chinese and Indians in Malaya, and the majority of the Indians in Fiji, however, remained confined to the working class.

Table 2 shows the participation of various ethnic groups in different economic endeavours in Malaya. It shows that the estate sector was dominated by Indian workers, the mining sector was dominated by Chinese workers, and the padi growing sector by the Malays.

Table 2: Economic Participation in Federated Malay States, 1931

Ethnicity	Estates		Mines		Padi	
	No.	%	No.	%	No.	%
Malays	4,821	3	813	1	89,122	97
Chinese	32,916	23	70,704	92	1,038	1
Indians	107,767	74	4,168	7	1,892	2

(Source: Lim, 1977 and Purcell, 1967, in Hui, 1980)

While the majority of the Chinese and Indian population remained confined to the labouring class, a gradually rising number of Chinese and Indians in Malaya, and Indians in Fiji, began establishing themselves in competitive businesses. Table 4 shows the rising number of Indian business license holders in Fiji between 1888 and 1918. The significant jump in the number of business license holders is attributed to the influx of the Gujerati business community after the end of indentured labour recruitment in 1916.

Table 4: Indo-Fijian Entrepreneurs

Types of business	1888	1898	1908	1918
Store, w/sale & retail	1	15	12	48
Store, retail-country	5	104	337	1188
Store, retail-town	11	21	337	1188
Hawker	35	192	175	737
Baker	1	2	2	11
Jeweller				67
Butcher				3
Cordial factory				6
Photographer				4
Refreshment house				40
TOTAL	53	334	863	3292

(Source: Ali, 1980)

The confinement of the Malays and the indigenous Fijians to their traditional production and social relations, and the gradual emergence of the Chinese and Indians in Malaya and Indians in Fiji as petty traders, led to the emergence of business rivalry among the Europeans, Chinese and Indians in Malaysia, and between the European traders and Indo-Fijians in Fiji

It should, however be kept in mind that although the Chinese played a key role in building the foundation of the Malayan economy, in the Colonial Era 'British conscious strategy was to curb the expansion of Chi-

nese capitalism which at that time was narrowly confined to performing middleman functions' (Yun 1987). A similar pattern was found in Fiji, where the Indian businessmen were confined to performing the middlemen type functions like hawking, retailing, export-import of basic consumer goods for the Indian market, localized money lending, tailoring, etc. In both these countries, the indigenous populations were kept out of the formal labour market. The lack of proletarianisation of the indigenous led to a relative lack of skill development within these communities. In contrast, the Chinese and Indian workers gradually learned workplace skills, thereby gaining a competitive edge over the indigenous workers. The consequence of this was on the political life of the two countries too.

In Malaysia, the Malays, being reputed as unskilled and unreliable, would tend to predominate in playing relieving workers' roles for Chinese workers, who were regarded as permanent workers. As a countermove the Malays reacted by refusing to offer their support to the Chinese for any anti-establishment activity. The Malays, on the other hand, had been conformed to think they owed loyalty to the British and Malay élites because they were their protectors. Similarly, in Fiji, the indigenous Fijians sided with the British elite and the state in all agitations of Indian workers for wage and working condition improvements during most of the colonial era. During the 1920 strike in Fiji by Indo-Fijian labourers working at the Public Works Department in Suva, for example, indigenous Fijians supported the Government against the Indo-Fijians (Ali, 1980). The same was found in the 1930's and 40's sugar cane industry agitation. Only in 1959 did the indigenous Fijians come out actively in an industrial action against European employers; the strike, however, was broken when the indigenous Fijian elite appealed to the sense of allegiance of the indigenous Fijian workers to their chiefs and the colonial state.

Thus, not only was the relative lack of Malay and indigenous Fijian participation in commerce at the turn of political independence of Malaya and Fiji, respectively, firmly rooted in their colonial pasts; the relative lack of proletarianisation of the indigenous population, and their relative lack of skill acquisition and education also, is firmly rooted in their respective colonial pasts.

Education

To firmly secure the allegiance of the upper class Fijians and indigenous Malays in Fiji and Malaysia, respectively, the British established Queen Victoria School and the Malay College, in Fiji and Malaysia, respectively. These institutions were for the education of boys of royal blood and

high status, who were trained to fill subordinate posts in the colonial government of the two countries. The boys were taught in English up to Standards VI and VII and 'inculcated with the manner and mores of the British' in both countries (Cham, 1977; Narayan, 1984). While decades later the two schools were liberalized to educate indigenous boys in the two countries, the education system was one that was aimed at nurturing of a strong social leadership and bond between the indigenous population and the Europeans, rather than at enhancing business skills, or creating independence of thought and action.

The British colonial education policy favouring the Malays and indigenous Fijians also stimulated the non-natives in both countries to strengthen their own educational base. Education played a major role in the socioeconomic development of immigrant labourers in both Malaysia and Fiji during their Colonial Period. The level of education they strove for during their struggle became an added strength in their quest for economic and political recognition in their countries of labour. In comparison to the Malays and indigenous Fijians, the immigrant labourers established their own schools through the economic wealth they had toiled for over the years. Western education was the type of education desired by Indo-Fijians as they realized it to be the key both to security and prosperity in their own home. Ali argues that education was to be the instrument that would bring security through equality for Indians in Fiji; it would also make for individual independence by freeing Indians from reliance upon non-Indians for a variety of professional services essential for economic success. Education was also expected to bestow social equality and status, particularly with Europeans, and produce leaders to obtain political rights and restore *izzat* (respect) and thus the security for which they had migrated and settled in Fiji (Ali, 1980: 32-3).

The same was witnessed in Malaysia, where education was treated as top priority within the Chinese community. The community, with much financial support from the Malayan Chinese Association (MCA), funded buildings, staffing and administration of schools. Patrons of Chinese education became recognized community leaders (Koon, 1983). The Indian Community, on the other hand, had for a long time attained the highest literacy rate in English among all ethnic groups; 'in 1947, Indian literacy in the Federation of Malaya stood at 81.3 per thousand in English and 370 per thousand in any language' (Araaratnam, 1982).

Realizing that education was a fundamental element for the development of human capital, the Chinese and Indians in Malaysia, and Indo-Fijians established, funded and managed their own schools. In addition to ensuring a strong economic and political base in both countries, education

was a vital ingredient for the development of skill levels of the workers.

In contrast, the Malays and indigenous Fijians, who had all along accepted the protection of the British, had to receive education according to the colonial education policy. They lacked both the financial and human capital possessed by the non-natives to establish, fund and manage their own schools. While the Malay and indigenous Fijian masses were offered a smattering of 'mother-tongue' education, the children of aristocrats were nurtured to become Anglophile. The children of the 'Raja' and 'Ratu' were groomed with an upper class English culture for subordinate positions in their Colonial Governments. The comments by Sweettenham concerning the Malays is relevant for both the countries:

I am not in favour of extending the number of English schools except where there is some palatable desire that English should be taught. Whilst we teach children to read and write and count in their own languages, or in Malay... we are *safe*. Beyond that, I should like to see the boys taught useful industries and mat-making, all profitable and practiced with a high degree of excellence in different states of the Peninsula (as in Hui, 1981: 140).

Collectively, neither the type of education offered to the indigenous aristocrats nor to the indigenous masses in Malaysia and Fiji groomed them for economic participation then, or later. Education only enhanced social stratification in both societies. But generally, the biased colonial education policies for the indigenous people in Malaysia and Fiji encouraged the Chinese and Indians, and Indo-Fijians, respectively, to educate their people more competitively than the indigenous people. In so doing they were able to develop the manpower required to run commercial and industrial enterprises as they were also coming to establish themselves in the commercial sector. This was quite unlike the case of the Malays and indigenous Fijians. In fact, in Fiji, indigenous participation in commerce was shunned not only by the colonial rulers, but also by the indigenous elite. Ratu Sukuna, for example, was the best educated indigenous Fijian who later became the first indigenous Fijian to be the Speaker of the Legislative Council. But despite this, he opposed most strongly the economic activities of Apolosi Nawai, who had established the *Viti Kabani* (Fiji Company) to compete with other businessmen; the opposition was so strong that Ratu Sukuna manoeuvred the exile of Nawai to Rotuma.

Ratu Sukuna's action can be attributed to his colonial attachment and his failure to see that indigenous Fijians ought to also become entrepreneurs. That the indigenous Fijians could become entrepreneurs if given the chance, was not even a consideration for the colonial regime and the indigenous

elite. Indeed, Sukuna became a strong defender of British rule, which directly contributed to the vast economic disparity between indigenous Fijians and Indo-Fijians. The case was similar in Malaysia:

The British created a situation of occupational specialization along communal lines in which employment in mining, rubber plantation, extractive enterprises and commerce were assigned to non-Malay immigrants. The resultant economic disparity was utilized by the British to increase the dependency of the Malay ruling class on the Colonial Government for protection (Cham 1977: 189).

The pro-Malay and indigenous Fijian policy of the colonial regimes eventually developed and consolidated a new ideology in the two countries – that the Malays were the *Bumiputera* (sons of the soil) and indigenous Fijians were the *i Taukei ni Vanua* (owner of the land).

But while the British education policy reflected discrimination against non-natives, the same policy became a positive reinforcement for the Chinese in Malaysia and Indo-Fijians in Fiji. Clearly understanding that they could not rely on the colonial state to provide for education and skill development of their people, the Chinese in Malaysia and the Indo-Fijians in Fiji began to build their own educational institutions. The result was the emergence of a string of community built schools throughout the areas with relatively heavy population concentrations of these two communities. So much so, by 1965, one community group in Fiji, the Rama Krishna Mission, established a tertiary institution in Waidallice in Tailevu, Fiji; the institution collapsed due to a lack of support from the state and support from, by then, the divided socio-religious groups in Fiji.

Thus, while the other races were struggling for their socio-economic betterment, the Malays and indigenous Fijians had become more aware that the colonial government would be supplying their needs. This gave them a significantly reduced degree of urgency in self-reliance in the rapidly modernising economies of each of the countries. Simultaneously, they developed the sense that for status and power, holding office in the state machinery was important rather than venturing into the commercial world. Post-political independence, this ideology emerged into one that strongly advanced the view that for the protection of the interests of the indigenous people, control of the state was necessary.

In Malaysia, for example, it was regarded as 'an honour and distinction to be nominated to such office', and that 'beside a title, it gives the holder a sense of power, of having a part in the government of the country, and that is the Malay's highest ambition (Cham, 1977: 184). Fiji also saw a similar pattern. The grooming of Ratu Sir Lala Vanayaliyali Sukuna to

champion the course of the British colonizers among his own people was a deliberate policy of the British. Ratu Sukuna and subsequent generations of chiefs were educated by the British to serve the needs of the colonial regime. This comprised, primarily, in ensuring a strict adherence of common indigenous Fijians to the traditional system, and by association, the colonial regime. Like Ratu Sukuna in Fiji, in Malaysia, Abdul Majid and Raja Muda 'had every reason to be "content and happy" in viewing the British as their protective father,' (Cham, 1977).

Thus, while the protective social and educational policies became the rearing ground for new native elites in both the Malayan and indigenous Fijian societies, it further alienated the indigenous population in both countries from commerce. Conversely, it widened the entrepreneurial opportunities for the Chinese and Indians in Malaysia, and the Indo-Fijians in Fiji. Over decades, these traders came to dominate the wholesale and retail trade of commodities, even for the supply of commodities to the indigenous people. Entrepreneurial activity came to be seen as their means of attaining power and presence in the society. John Hailey, for example, writes in relation to Fiji: 'any immigrant group of racial minority often turn to entrepreneurial activity not just to survive economically but also to gain status, power and a presence in established society (1985: 27).

Economic Power and Politics

The possession of economic power by non-Malays (Chinese and Indians) and Indo-Fijians as well as the rapid increase of their population strengthened their demand for their voices to be represented in the political arena. Among the Malays and indigenous Fijians, even though they were the *Bumiputera* and *i Taukei ni Vanua* respectively, politically the desire was not the end of colonial rule but the prolongation of it. It was felt that colonial rule would protect and nurture them until such time as they were able to compete effectively with the descendants of immigrant communities. Blindly, they failed to realize that the colonial policies of the British had actually protected them from being developed economically which they needed in order to meet the economic and political challenges of the modern world.

The economic stratification of the Malayan and the Fijian society took a peculiar form. The indigenous in both, Malaya and Fiji owned majority of the land area. The descendants of immigrant workers dominated the working class. A small, but influential group from amongst the Chinese in Malaya, and Indians in Fiji made significant headway in the commercial world. The Europeans and foreigners owned the largest and most influential businesses

in the two countries. Given that the economic stratification was more or less race based, the stratification appears as ethnic segmentation and racial segregation. Such a division led, towards the end of the colonial era and during the independence era, to a focus on ethnicity in land ownership, participation in commerce, and political control.

Towards the end of the colonial period in both countries, British policies had been successful in creating a foundation for such economic segregation. For the indigenous in both the countries, the terms of political independence ensured that they maintained control of land and political power. What could not come as a political settlement, was participation in commerce. Political independence showed signs that the race-based disparities in commercial participation as business owners would widen. Increasingly, this became the issue of major concern for the indigenous in both the societies. The indigenous elite groomed to take over political reigns after independence began to be troubled by such disparities. Increasingly they began to see control of the state apparatus as the means of addressing the problem of economic and commercial disparities. Thus, Tunku Abdul Rahman demanded that Malaya is for the Malays and it should not be governed by a mixture of races (Cham, 1977) while Ravuama Vunivalu and other indigenous Fijian men studying in England urged the chiefs to strive for a 'Fiji for the Fijians' (Norton, 1990). The person earmarked by the British to take over as the Chief Minister in Fiji, Ratu Kamisese Mara, warned delegates of the Fijian Association in 1965 of their economic status. Mara's concern was earlier echoed by another chief and stalwart of the Fijian Association, Ratu William Toganivalu:

We must accept that this race [Indians] is here to stay and it is not their fault they are here... While there are aspects of the Indian people we should best leave alone they have two characteristics we must emulate: hard work and thrift. These must be our weapons in competing with them with all our might, not to be their masters but economic equals (as cited in Norton, 1990: 80).

The control of the state apparatus, symbolized by control of political offices, became the key issue for both, the indigenous of both the countries, as well as the rising local capitalist classes. For the indigenous elite, aspiring for political power was a natural extension of their traditional roles as political leaders. For the educated indigenous people, political control gave them the tolls for seeking economic equality. For the Chinese and Gujarati businessmen in Malaya and Fiji, respectively, political power is essential for economic advancement. For the bulk of the indigenous people, however, despite the protection and legitimization of being *Bumiputera* and *i Taukei ni*

Vanua, the colonial system had failed to fit them into a model that would make them economically productive and competitive. At the end of colonialism there was no integration of the socioeconomic values of the various ethnic groups in each of the countries.

Post-Independence Period

When colonial power was relinquished by the British in 1957 in Malaysia and in 1970 in Fiji, it went straight into the hands of the elite of the *Bumiputera* and *i Taukei ni Vanua*, respectively. But both leadership failed to translate political control and control over land to economic advancement of the indigenous people. Indigenous economic vulnerability continued as the indigenous people lacked skills, potential, capital and institutional grounding to convert their land into productive economic use. The National Federation Party articulated the predicament of the indigenous people as follows: 'In spite of his land wealth the *i Taukei* has been kept poor and pent up in his village struggling from day to day. This is the outcome of ninety years of so-called British trusteeship. It is like a man sitting on the banks of a fresh water lake and dying of thirst' (as cited in Norton, 1990: 123).

Economic power in Malaysia and Fiji was still held comfortably in the hands of foreign investors in both the countries, and the Chinese business community in Malaysia and Gujerati Indo-Fijians in Fiji. At the beginning of their independence it was very clear that there was a vast economic imbalance among the masses of the different communities in both countries, most seriously with regard to the Malays and indigenous Fijians.

Malaysia's 1969 Riot

The concern on a lack of Malayan participation in commerce was expressed in the Federal Constitution of Malays. Under this, Malays were empowered to receive special rights to improve their economic position; these rights were in fields such as education, public employment and industry (Hui, 1985). The non-Malays, on the other hand, were granted political rights, particularly citizenship. For the development of a Malay industrial and commercial bourgeoisie three major strategies were implemented; these revolved around protection, assistance and acquisition. Thus, quotas were imposed on business licenses, employment and education (i.e., protection); facilities were provided in the forms of credit, training and business premises (i.e., assistance); and Malay ownership of the corporate economy was expanded (i.e., acquisition) (Hui, 1985).

In 1958, the *Road Traffic Ordinance* was approved which required all

new transport licenses to be issued to Malays until their share of the industry was equivalent to the percentage of the population in each state. As a result from 1958-1968, about 52 per cent of all new taxi licenses were received by Malays. But only 18 per cent of buses and 6 per cent of trucks belonged to the Malays (Hui, 1985).

In 1964 the Malay Chamber of Commerce pressured the government that no less than 25 per cent of all government contracts were to go to the Malays. Subsequently, there was an immediate increase in the number of Malay contractors. But by 1970, Malay contractors accounted for only 2.5 per cent of the output of large contracts. For smaller contracts the ratio was higher - Malays received 21% of the output of contracts worth less than \$100,000 (Hui, 1985)¹.

A year after independence, the National Land Council recommended that the involvement of the Malays in tin mining sector be increased through encouraging Malays to take up mining leases. Tin mining, however, was highly capital intensive and it made it really difficult for the Malays to be involved in the industry. Thus, by 1965 only 10,551 acres or 2 per cent mining land were leased to Malays and of this less than 10,000 acres were actually worked by them (Hui, 1985).

In 1964, the First Bumiputera Economic Congress decided that Malay involvement in the timber industry also needed to be encouraged, and that there be a continuation of allocating at least half of all new licenses to Malays. This was implemented over the next two years.

But Malay participation in the import-export trade was almost negligible as this sector relied extensively on credit. The control of credit was in foreign hands; the Chinese had better access to this. Consequently, Chinese capital dominated the wholesale and retail trade. Many Chinese even acted as middlemen between the Malay peasants and agency houses. This caused blame to be directed at them for the distress of the peasants. In retaliation the then Minister of Agriculture and Co-operative, Aziz Ishak, cancelled 350 Chinese rice-millers' licenses. Ishak's action cost him the support of the Malay governing class and eventually his seat in Cabinet. Similar problems existed in the manufacturing sector. Here, despite the state playing an active role as facilitator, and investment promoter, Malay presence remained negligible. Realizing this problem, the then Minister of Commerce and Industry requested the Parliament in 1965 that 'at least 10 per cent of the share capital (in a pioneer industry) be reserved for Malays' (Hui 1985). This proposal

¹ Unless expressly stated, all currency in this paper is expressed in US equivalents when reference is made to Malaysia, and in Fiji equivalent when reference is made to Fiji.

was taken over by the *Syarikat Permodalan Kebangsaan* (National Investment Company). This entity was established in 1962 but had remained inactive; the new proposal gave it a life. The outcome, however, was limited as by 1968, only 1.5 per cent of the share capital of companies was owned by Malays (Hui, 1985).

The Malays, however, were successful in getting membership of boards of directors of companies. The Malay elite commanded political influence, thus were of potential benefit to the corporations as political influence was important in receiving contracts and licenses issued by the government. A majority of the Malay directors, however, did not possess substantial ownership or control of the corporations.

The state provided assistance, mostly through provision of credit, training and business sites, to the Malays to assist them in capital accumulation. Between 1951-62, for example, Malays would get most of their credit from the state institution, Rural and Industrial Development Authority (RIDA) which financed a \$10.6 million loan within the eleven year period; most such loans, however were of less than \$3,000 (Hui, 1985). Another state organization, the Malaysian Industrial Development Finance Limited, provided Malays with capital assistance for industries. However, most of the benefits from these accrued to foreign investors and Chinese businessmen.

A major problem of the Malay bourgeoisie was their lack of management experience. Training in short-term management courses for small businessmen were provided by the National Productivity Centre while RIDA was responsible for the training of Malay professionals. But RIDA's training scheme proved inadequate as in 1964 only 167 students received training, while between 1954 and 1965 only 39 scholarships were given (Hui, 1985). Although after the First Bumiputera Economic Congress (1965), 10 per cent of the shares in public corporations were allocated to the Malays, little was taken by them. During 1961-1967 the National Investment Corporation had an allocation of \$8.1 million of which it held \$4.8 million and sold \$3.5 million to Malay individuals (Hui, 1985).

During both, the First (1965) and the Second Bumiputera Economic Congresses (1968) dissatisfaction concerning unsuccessful development of Malay bourgeoisie was strongly voiced by Malay businessmen, politicians and bureaucrats. In the First Congress it was established that the failure of policy meant that Bumiputeras neither owned nor had a share in the ownership of Malaysian companies. At the Second Congress, there was criticism of the small number of Malays monopolising the directorships of large corporations. It was suggested that a board was to be formed to distribute directorships to benefit many people. An increasing awareness that *laissez-faire* had disadvantaged the Malays, led to calls for a reorganization of the eco-

nomie system. The proposed system was to be based on the early Japanese model. This called for an active role of the state in capital accumulation, which would then transfer resources to the weak Malay bourgeoisie at a later time. The second congress is identified 'as the watershed which laid the foundation for the post 1970 New Economic Policy' (Hui, 1985). The Congress included statements of complaint, recommendations and warnings 'that if Bumiputeras were not given a stake in the economy, there would be no guarantee of peace and security' in the country (Hui, 1985).

The strong resentment of *laissez-faire* among the Malays was increasingly building up momentum, until it finally flared on May 13, 1969. The fear of economic insecurity among the Malays was accentuated by the 1969 election results which produced victories of non-Malay based opposition parties in the cities of Penang, Ipoh and Kuala Lumpur. The election results eventually removed political power from the Malays. This not only sparked the riot but also the attacks on the non-Malays as well as the Malay leadership of Tunku Abdul Rahman.

On the eve of the riots Malays and Malay interests accounted for only 1.5% of all share capital of limited companies; in contrast, foreign interests owned 62.1%, while the Chinese interests owned 22.8% and Indians, 0.9% (Hui, 1985). The riots toppled the *laissez-faire* capitalism of the Tunku regime, and laid the foundation for state capitalism (Hui, 1981).

The New Economic Policy (NEP)

The NEP was the major policy instrument for development in Malaysia from 1970 to 1990. Its goal involved a redistribution of wealth for the Malays as ultimately economic power would not be identifiable with ethnicity. The process of redistribution was to be generated by economic growth in order to make it painless in nominal economic terms for other races, particularly the Chinese. This, therefore, meant a transfer of economic wealth from foreign businesses to the Malays.

It was expected that by 1990, under the NEP, the Malay share of corporate wealth would rise from 2.4% to 30%, the share of other ethnic groups would increase from 22% to 40%, and the share of foreign investors would fall from 63% to 30% (Alamgir, 1994). Economic growth was to be generated by industrial development and export expansion. A large number of state corporations were formed, aimed at increasing Malay employment and managerial control. In this category, heavy industries were the priority. Service oriented state enterprises were sold to Malay entrepreneurs (Alamgir, 1994). The state exerted pressure on companies to reorganize their corporate shareholding as to incorporate the missions of the NEP. Financial assistance,

counselling and training was provided to Malays. Financial institutions targeted to assisting the Malays, were established. Malays were allocated admission quotas into public educational institutions, while the Chinese were prohibited from establishing private universities. A major feature of the NEP was the creation of the National Investment Trust (ASN-*Amanah Saham Nasional*).

National Investment Trust (NIT)

The NIT was established in 1981. It aimed to transfer corporate equity held by public corporations into the hands of the Bumiputera. Thus, three years before the end of the NEP, out of the 4.9 million bumis eligible to purchase these shares, 43.5 per cent had done so. A separate company, *Amanah Saham Nasional Berhad* (ASNB) was formed to ensure that the share units did not leave the Bumiputera community. The ASN became the unit trust scheme of National Equity Corporation (PNG-Perbadanan Nasional Berhad), a holding company receiving funding directly from the Federal Budget. Until September 1985, \$818 million worth of shares (mainly blue-chip) had been transferred to agencies and state corporations (Hing, 1987). PNB investments recorded a value of \$6.1 billion (representing 8% of corporate wealth), with investments in plantations, properties, mining and industries. Through the ASN these shares were transferred to bumi individuals. By the end of 1985, \$632 million worth of shares had passed from the PNB to the ASN. Up to the end of 1985 ASN had invested \$2,496 million in 112 companies. The PNB with the ASN, accounted for 45% of bumi-held shares. They also held controlling stakes in top companies of major economic sectors such as Malayan Banking, Malaysian Mining Corporation, Harrisons Malaysia Bhd., Malaysian Airline System and Sime Darby (Hing, 1987).

In the 1985 budget an allocation of \$122 million was given to the Bumiputera Investment Foundation, which was the primary shareholder of PNB, and another \$84 million was given to the State Economic Development Corporation as it regularly transferred its more profitable shares to the PNB (Hing, 1987). On an investment of \$5,000, a return of 10 per cent tax free, was guaranteed to shareholders. Dividends and bonuses were distributed, amounting to 20 per cent return on the investment in 1981, and 17.2 per cent in 1985 (Hing, 1987). A 100 per cent subsidised loan could be obtained by eligible bumi investors. Since about 30% (\$548 million) of the investments were supported by soft loans, part of the exercise merely shifted savings from one institution to another rather than mobilise additional savings. Furthermore, even with the maximum limit of 50,000 units per indi-

vidual, share-ownership distribution was highly concentrated: 0.28% of the unit holders owned 350,000 shares, each with 50,000 units, while the majority, 81% owned a total of 171,000 units, each holding 100 units and below (Hing, 1987).

NEP Outcomes

The implementation of the NEP from 1970 to December 1990 managed to achieve some remarkable results. The state's strong involvement in investment was able to transform the agrarian-based economy to an industrial one. During 1970-80, 53% of the Malays were in the modern sector, as opposed to 35% in 1970 (Alamgir, 1994). In the period 1973-87, the proportion of Malays living below poverty line dropped from 37 percent to 15 percent. Malay corporate ownership reached 20.5 percent by 1990. Although Malay corporate ownership by the end of the NEP did not reach the target, it still represented a significant increase compared with the 2.4% level in 1970. Malay ownership of the banking and financial sector increased to nearly 70 percent by 1985. On the whole, the Malay's assumed a better command of their economy vis-à-vis foreign firms. In 1989, only a little over 25 percent of corporate wealth was owned by foreign companies, as compared to 62 percent in 1970, while the mean household income for the Peninsular Bumiputera increased 390 percent (in current prices) between 1970 and 1987 (Alamgir, 1994).

According to Alamgir (1994) the achievements of the NEP were possible because of continuing public support and the ability of the state to manage resources. In addition, state policies were supported particularly by the UMNO, the political party dominating the government, and Malay business organizations. The discovery of petroleum led to petroleum revenues financing the massive increase in NEP's fiscal spending. 'Public development expenditure rose from 14.3% of the GNP during 1976-80 to more than 27% during 1981-2' (Alamgir, 1994). Furthermore, the state enjoyed extremely favourable circumstances internationally through good terms of trade, auspicious developments in the regional political-economic order, and a bonanza of foreign investment.

While the two decades of the implementation of the NEP reaped positive results, there were strong negatives in the whole program too.

The pro-Malay discrimination under the NEP undermined Chinese economic dynamism by largely reducing Chinese private investment (Alamgir, 1994). In so doing more doors for investment were opened to foreign enterprises. Malay political leaders saw this as a way to reduce Chinese dominance in the economy. Most foreign investments coming in were re-

gional multinational corporations from Taiwan, Japan, Korea, Singapore and Indonesia (Alamgir, 1994). Many public corporations were economically inefficient. In 1986, for example, over half of the state enterprises registered losses (Alamgir, 1994). There was over employment, mismanagement and indiscriminate allocation of funds. Resources were inefficiently used.

Due to the inefficiencies, at the end of the NEP many state ventures were destined towards privatization (Alamgir, 1994). As a result of haste, a large number of Malay businesses had become either 'rentier' or 'parasitic'. Realistically, only about 15 to 20 per cent of Malay enterprises were 'on a sound footing' (Alamgir, 1994). Although 'growth had opened large numbers of jobs in higher productivity manufacturing and service sectors to Malays from rural backgrounds, large areas of rural poverty persisted while several regions continued to stagnate, with unemployment becoming a serious problem among urban Malay youth (Faaland, Parkinson and Saniman, 1991).

In addition, the country experienced the spawning of various bureaucratic agencies and legal measures designed to enhance Bumiputera equity participation. But these came to be shackled by a host of restrictive rules and regulations. This resulted in endemic corruption and corresponding inconsistencies in enforcement of rules and regulations (Hing, 1987).

The 1987 Fiji Coup

Fiji has, in many ways, travelled a similar path as Malaysia did. Since the mid-1980s Fiji closely emulated Malaysian-style economic policies for the enhancement of indigenous Fijian businesses.

On political independence in 1970, Fiji inherited the Westminster system of government. On independence, under a prior accord, political parties agreed to allow the pre-independence team of leaders to continue to hold office until 1972. After the first post-independence election in 1972, the Alliance Party, headed by the British-groomed high chief, Ratu Kamisese Mara, won government. The Alliance was predominantly supported by the indigenous Fijians and the business elite of all ethnic groups. The opposition was made up of the National Federation Party. The latter, founded in the cane fields in early 1960's, was predominantly supported by the ethnic Indian cane farmers and workers. Dissent within the indigenous society, however, had rapidly been brewing on the eve of independence. An increasing number of indigenous Fijians had started moving to urban areas after the 1969 relaxation of the native administration policy; this policy had confined the indigenous Fijians to their villages for over 3 decades. In addition to the rising number of indigenous Fijian workers, internal conflicts, largely over

chiefly titles and privileges, as well as an increasing number of educated indigenous Fijians led to an increasing diversity of views on politics and economics in Fiji. Two major issues concerned land ownership/access, and indigenous participation in commerce.

During the 1972 election campaign Ratu Mara's Alliance Party reactivated its warning to the indigenous Fijians that an NFP victory would be a threat to their land ownership. Then 83% of all land was owned by indigenous Fijians, while over 80% of all commercial cultivators, albeit small scale, were ethnic Indians. Land, therefore, provided the most powerful weapon to manipulate indigenous Fijians politically. Indigenous political leadership, which comprised all the major traditional chiefs, was amply used by the Alliance to show that indigenous Fijian hope and security, especially security in land ownership, lay in the government of the Alliance Party.

The relative lack of indigenous Fijian presence in the commercial world, other than as workers or buyers, provided both, an opportunity and a threat to indigenous political leadership. It became an opportunity in that a lack of indigenous participation was regularly hailed as an evidence of the need for an indigenous government that would change the economic balance. But it was equally a threat since the rhetoric, if unmatched by concrete policy action, would disillusion the indigenous Fijians.

Measures, therefore, had to be taken by the government for the involvement of more indigenous Fijians in business. Distributing some economic power to the indigenous Fijians was necessary to maintain political strength and power of the indigenous leaders. Numerous schemes were established to achieve this.

The Native Land Trust Board, a statutory body established to administer indigenous land, established the Native Land Development Corporation to develop agricultural estates, and to acquire shares in established businesses. Shares were purchased in the only Flour Mills in the country, and the largest chain of bookshops, the Desai Bookshop. A Business Opportunities Management Advisory Service (BOMAS) scheme was introduced by the Ministry of Fijian Affairs for the assistance of indigenous Fijian small businesses like taxi operators, retail store operators and professional service providers. The Fiji Development Bank (FDB) created a Commercial Loans for Fijians Scheme (CLFS), through which it assisted indigenous borrowers with subsidized credit. But these measures did not meet the objectives, largely due to heavy losses in the businesses so created, particularly due to mismanagement and/or a divergence of funds from the stated utilization program. Even some schemes lost focus, for example, BOMAS, which instead of providing assistance to small businesses began concentrating on the affairs of large indigenous businesses, such as Fiji Farmers, Cautata Bus

Company, Baltham Industries, Lomaiviti Investments, CBM Holdings, the Solar Salt Project at Rakiraki, Central Pacific Investments, and the Fijian Development Fund Board. Attempts made directly or indirectly by the government for the development of indigenous Fijian entrepreneurs and business had been unsatisfactory. Official efforts made to secure for a period economic growth, 'heightened wider Fijian jealousies of the non-Fijian advantage in business' (Norton, 1990).

Other measures were proposed to address the lack of economic power of indigenous Fijians. One such proposal, made by the extremist indigenous Fijian political party Fijian Nationalist Party, was the establishment of a Fijian Development Institute for the creation of a class of Fijian entrepreneurs. The government rejected the proposal.

Although, on the whole, policies implemented for the promotion of indigenous Fijian businesses did not go according to the master plans, they did manage to create benefits for a small group of indigenous Fijian businessmen. Those in this category, with a greater advantage over common indigenous Fijians, were able to sit on the boards of companies owned by non-Fijians as well as acquire shares through their political influence and connections. Robert Norton (1990) writes that by the '1980s the tiny but wealthy Fijian "bourgeoisie" included the Prime Minister (Ratu Mara) and several members of his immediate family. The use of political advantage to affiliate accumulation of personal wealth became a central issue of public debate in the run-up to the 1987 elections'.

By the early 1980's the Fijian economy came under twin pressures of falling sugar prices and natural disasters. While economic growth slowed and jobs became scarce the wages of unionised labour continued to rise. A rift emerged between people enjoying the good wages and security won in the 70s and those unable to follow them, especially the young, the farmers, and workers losing out in the depressed sugar industry. The tension between rising expectations and shrinking opportunities contributed to an increase in crime, especially theft and violence, by young indigenous Fijians in the towns. These economic and social problems provoked a stark divergence of leadership responses, which eventually led to the 1987 military coup. The elite indigenous Fijians, led by the Prime Minister Ratu Sir Kamisese Mara, responded to the economic crisis by disbanding the Tripartite Forum, a wage fixing mechanism composed of employers, unions and the government. Simultaneously, in November 1984, it announced a nation-wide wage freeze. These harsh measures impacted all workers, but more so the indigenous Fijian workers in the urban areas who had dual commitments of raising their immediate family in urban areas and contributing to the numerous traditional obligations of their home village and relatives. Worker agitation in-

creased, which led to the formation of the Fiji Labour Party in 1985. In April 1987, the Fiji Labour Party, in coalition with the NFP, defeated the Alliance Party. Within a month, on 14 May, Fiji's first military coup deposed the elected government.

The coup was not only a response of military opportunism. While the coup leader was an opportunist, as the following extract from his official biography notes, it had deeper roots:

LT. Colonel Rabuka had virtually made up his mind before the Fiji election on April 11, 1987, that a coup would be necessary to protect the interests of indigenous Fijians.... The "immigrant" Indians had prospered in Fiji, and out-numbered the indigenous population: about 46.4% Fijians and 48.2% Indians... But the election of the Bavadra Government which was dominated numerically by Indians, had involved a 'leakage' of Fijian votes to the Coalition Parties. This was seen as a reflection of a changing society, with an emphasis on urban lifestyle-which traditional Fijians, including Rabuka, identified as a breaking down of Fijian society and values (Dean and Ritova, 1988).

For most of the 17 years of political independence, the notion of indigenous Fijian political supremacy was touted by the indigenous Fijian leaders. Political supremacy was necessary for them, for, with this supremacy came their own political hegemony. The direct convergence of modern political leadership and traditional leadership meant that a loss of modern political leadership raised questions on the suitability of the leaders in their traditional roles. Under no circumstance was the indigenous elite prepared to risk the common indigenous Fiji raising questions about the legitimacy of their positions obtained by birth and blood. For the indigenous elite, therefore, political control was necessary for the survival of the chiefly system. To garner continuing support of the common indigenous Fijians, however, political control had to be linked to the survival of the indigenous race. Proponents, thus, created a link between political supremacy to the notion of the *vanua* – a link that was convincing to the mass of the rural and a large section of the urban indigenous Fijians. The *vanua* embodied the trilogy of land ownership, chiefly reign and custom. Any threat to indigenous political supremacy, therefore, was propagated as a threat to the *vanua*.

For the more sophisticated indigenous Fijians, however, the above was not totally convincing a reason to support deposition of elected governments. Over the years, westernization created an increasing group of indigenous Fijians who developed relatively weaker ties with their traditional base. Their survival, however, had to be away from the largesse associated with

the traditional elite. Professions, and commerce provided these alternatives. For those reliant on the professions, however, the elite quickly linked political control to their economic well-being. Most of the indigenous Fijian professionals were within the employment of the state and para-state sectors. Both these were within easy reach of the traditional Fijian political elite. The coup provided a massive opportunity for rapid progression of a majority of the indigenous Fijian professionals.

For those in the commercial world, the absence of indigenous economic power was a relatively easy rallying point. A major issue cited by the coup supporters was the continuing lack of indigenous Fijian involvement in business. Soon after the coup, a Nine Point Plan (NPP) was drafted to raise Fijian participation in business. The authors of the document included some prominent indigenous Fijians who one would not normally have associated with providing any support to non-democratic transfers of political power.

Nine Point Plan

The *Nine Point Plan* proposed nine initiatives to increase indigenous participation in commerce. These were:

- An injection of \$20 million capital to the Fijian Holdings Limited via the Fijian Affairs Board;
- A unit trust for indigenous Fijians to be established;
- A compulsory savings scheme for indigenous Fijians to be set up;
- Further concessions on loans to indigenous Fijians to be given;
- A Management Advisory Services Department to be established;
- Indigenous Fijians to have a minimum ownership of resource-based industries;
- Reservation of certain sectors of the economy to be made for indigenous Fijian investment;
- A daily newspaper owned by indigenous Fijians to be established; and
- The Fijian Affairs Board to be restructured and strengthened.

The Government formally approved this plan in 1989. The NPP evolved into five major government policy measures:

- Extension of Fijian ownership in business ventures;
- Assistance to Fijians in obtaining capital;
- Strengthening of Fijian education;

- Strengthening of Fijian business training; and
- Establishment of Fijian oriented institutions

Since its inception, assistance in the form of physical capital, financial capital, advisory units, and training became part of the government's effort to promote indigenous Fijian businesses through the Fiji Development Bank. In the 1993 budget an \$8 million interest-free loan was given by the government to the FDB for lending through the CLFS to enable indigenous Fijians to set up businesses in transportation, retailing and real estate sectors (Government of Fiji, 1993). By 1993, unit holdings by indigenous Fijians in the Unit Trust of Fiji represented approximately 38 per cent of the total shares (Government of Fiji, 1993). The *Island Business* magazine noted in February 1995:

Since 1989 the FDB had loaned to indigenous Fijians an average of \$US12.7 million a year for mainly transportation, real estate, retailing, investment and finance ventures. The bank's gross loan portfolio of \$US297.7 million allocated 55 per cent to the industrial sector, 27 per cent for agriculture... and about 18 per cent to the Fijian loans scheme.... Last year (1994) industrial loans totalled \$US28.2 million Commercial loans to Fijians received \$12.2 million (*Islands Business Pacific*, February 1995).

A product of the NPP was the allocation of \$2 million by the government to the Ministry of Fijian Affairs as interest-free loan to fund business projects for indigenous Fijians and Rotumans. The fund was allocated to the provincial councils. The intention was to use this fund to initiate indigenous Fijians in small business with allocations of between \$200-\$500 each (*Fiji Times*, June 30, 1995). An advisory unit for small businesses was established within the Fijian Affairs Board to administer the scheme. In 1992 a Fijian Commercial Development Unit was set up in the Central Planning Office of the Ministry of Finance and Economic Planning to provide research and advisory services for indigenous Fijian advancement in business.

But perhaps the single largest injection of public funds was into the Fijian Holdings Limited (FHL), an indigenous Fijian holding company established in 1984. The company was to be a vehicle for increasing equity holdings of the 14 provincial councils in successful companies. In 1988, the Fijian Holdings Limited was allocated a \$20 million interest free loan by the government via the Fijian Affairs Board; in 2001, this was converted into a grant.

Fijian Holdings Limited (FHL)

The establishment of the FHL in 1984 was a result of calls by indigenous Fijian chiefs for increasing indigenous Fijian participation in business and commerce. All the 14 provinces in Fiji became its first shareholders. The company opened share purchase by individual indigenous Fijians, district councils and wholly owned indigenous Fijian companies. According to the company's then chairman, Lyle Cupit, 'the general investment strategy was to acquire significant or majority interests in well-managed enterprises. These should be operating successfully in key commercial and economic sectors, with a preferred dividend return of at least 11 per cent per annum. They should also have potential for development as the economy improved' (*Daily Post*, March 8, 1991). The company's assets had grown from \$1 million in 1984 to \$68 million in 1994 (*Fiji Times*, November 27, 1994). After the third coup in Fiji in May 2000, the military backed regime of banker Laisenia Qarase converted the \$20m loan to the FHL, given through the Fijian Affairs Board, into a grant. The loan write-off raised the book value of the company significantly. This benefit was transferred directly to the small group of individual indigenous Fijian shareholders who held class A shares in the company.

The success of the FHL was greatly criticised as benefits from the company had been argued to be enjoyed by a select group of indigenous Fijians who had access to available funds for purchasing shares while excluding the majority of ordinary indigenous Fijians. Due to this problem in November 1994, 'the' poor man's' alternative to the FHL was formed and registered as Gaunavou Development Company Limited. The company aimed to benefit a wide cross section of indigenous Fijian enterprises including shipping, construction, import and export, publishing, broadcasting and preparing news for television and radio. The alternative company did not survive.

The 2000 Terrorist Coup

After the 1987 coups, Fiji went through a five-year period of military backed regime. An elected government in 1992 was defeated on a supply motion in 1993. The same government was re-elected with a greater margin in 1994. These three governments put in place policies that not only created a larger economic disparity between the rich and the poor, but a larger disparity between indigenous Fijians and others in terms of economic power. The combination of factors causing serious disaffection amongst all ethnic groups and social classes led to the election of a new socially progressive

government in May 1999. In May 2000, in the name of indigenous Fijian supremacy, military backed terrorists invaded the Parliament and took the government hostage for 56 days. The government collapsed. Another period of unelected regime ensued. Elections were again held in August 2001, which led to the political ascendancy of the group that ruled Fiji as the unelected regime between July 2000 and August 2001.

Within months of coming to power, the new government enacted a Social Justice legislation through which, over 5 years, over \$20m was channelled to, what it called, affirmative action programmes to uplift the welfare of indigenous Fijians.

Concluding Remarks

In 1980, Ahmed Ali wrote: 'in May 1969, communal disturbances occurred in Malaysia. Fiji was shocked; hitherto Malaysia had been the model it had hoped to emulate. In early 1969, a Malaysian adviser on Malayan business came to Fiji with the objective of giving advice to enhance the participation of indigenous Fijians in business. His report was discreetly shelved and not made public, there was no longer any wish to imitate Malaysia' (Ali, 1980)

Ironically, over the years, Fiji continued to rely on Malaysia for providing policy guidelines. Malaysia was publicly hailed by the political leaders as the model that Fiji ought to adopt. Even the social democratic government of 1999-2000, sent a delegation of indigenous chiefs to Malaysia to learn, first hand, from the indigenous Malays on land use. Whether Malaysia provided a model of success, or a model of failure, was not an issue that was discussed by policy makers in the country.

An analysis of the events to Fiji's first military coup in 1987 show remarkable similarities between the socio-economic model followed in Malaysia and those that have been attempted in Fiji. During colonial rule, both the Malays and indigenous Fijians were relegated to the ambit of their villages for the preservation of their social and cultural heritage. Subsequently, a small group of indigenous elite comprising high chiefs, was nurtured and groomed as heralds of colonizers to the indigenous people. On political independence, the British handed over political reigns to the group of selected indigenous elite in each country. But bestowing political power in the hands of the Malays and indigenous Fijians was not sufficient to see the advancement and growth of the indigenous population. While the indigenous population, through their elite, acquired and held on to political power in both the countries, they continued to remain disproportionately represented in the economic and commercial world, vis-à-vis other ethnic groups. Over the

first 20 years since their independence and the rise of indigenous leadership, the Malays and indigenous Fijians both witnessed that they were first class politically but second class economically.

In both societies land was their principal asset but the indigenous lacked the know-how and capital to convert it into productive economic use. Thus, it opened the path to immigrant labourers and Europeans to shoulder the task of building the economic foundation of the two countries. This also marked the beginning of the economic alienation process of the Malays and indigenous Fijians.

Economic alienation of the indigenous in both societies increasingly aggravated ethnic tensions. Such segregation, and the results of the state's attempts to advance the indigenous in commerce rapidly resulted in internal class stratification between the small indigenous elite and the neglected indigenous majority in both the countries. The natural outcome of this process has been that an increasing proportion of the disaffected indigenous people would see commonalities with other socio-political forces. In both the countries, the defeat of the predominantly indigenous elite led political parties – in May 1969 in Malaysia and April 1987 in Fiji - led to explosive outcomes. While Malaysia did not have a military coup after her independence, Fiji went through two military and a terrorist coup. But political violence had become common in both the countries for a large part of their post-independence life.

There are also remarkable similarities between the post-1969 New Economic Policy of Malaysia on the one hand, and the post-1987 Nine Point Plan and the post-2001 Affirmative Action programme in Fiji. While in both these countries, the policies resulted in the rise of a small group of indigenous business elite, the policies remained incapable of lifting the welfare of the average indigenous person in each of these countries. What the policies did, however, was to raise the expectation of the indigenous people on the basis of the promise that the policies will improve the welfare of the indigenous people. Elevated expectations were unmatched by opportunities created by the policies. In both these countries, the continuing promise of improving indigenous welfare through political control, produced a potentially fatal condition for continuing bouts of violence or/and breakdown in law and order.

In 1991, Faaland, Parkinson, and Saniman wrote on Malaysia as follows:

Thus Chinese can expect to remain less than first-class citizens, free to vote and to hold office, but under clearly restrictive conditions. They are excluded by formal quotas and by informal practice from all but a handful of senior posts, in the security forces, the

civil bureaucracies, and the public corporations. They cannot aspire to senior positions in the Federal [government].... They continue to be reminded that the country belongs to the bumiputera (Malays) whose "special position" is entrenched in the constitution. Symbolically, they are less than first-class; politically they feel marginal, often powerless. While moderate, pragmatic Malay governments continue to take their interests into account, they have no veto over government policies that vitally affect them and there are no guarantees for the future (1991: 734-736).

If one were to substitute 'Chinese' with 'Indo-Fijians', and 'bumiputera' with 'taukei' in this passage, the passage would equally well describe Fiji now.

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