

PART 1: THE NATIONAL SITUATION

1. The Economic and Political Situation

Fiji is a small island state lying 15 to 22 south of the equator in the southern Pacific Ocean. The country has approximately 300 islands with a total area of 18.2 thousand sq. km. of land, spread over 906 thousand sq. km. of ocean. Tourism, remittances, sugar production, and to a lesser degree manufacturing, are the main supports of the economy. The population of around 750,000 is growing slowly, if at all, due to a moderately slow rate of fertility and a fast rate of out-migration. Just over half of the population are indigenous Fijians. The other large ethnic group are Indo-Fijians, mostly descendants of indentured labourers who came from India in the late nineteenth and early twentieth centuries. Other ethnic groups (officially known as 'Others') have never made up more than 10 per cent of the population. They include Chinese, Europeans and other Pacific Islanders, and a growing number of people of mixed ethnicity or other origins.

One of the larger countries of the South Pacific island region, The Fijian Islands have a relatively well-developed infrastructure, on average a moderately good standard of living, and a high but static level of human development. Internationally, Fiji is listed on UNDP's development scales among the medium developed countries, ranking 90th of 177 countries on the 2006 Human Development Index (HDI). This ranking on the HDI reflects high adult literacy, school enrolments and life expectancy, which together compensate for a somewhat lower Gross Domestic Product (GDP).

Since Independence in 1970, successive governments have given priority to equal development, economic growth, expanding health and education services, and developing human resources. NGOs, church organisations and other community bodies have also made large contributions to national development. They operate most of the schools and many of the welfare and community development organisations.

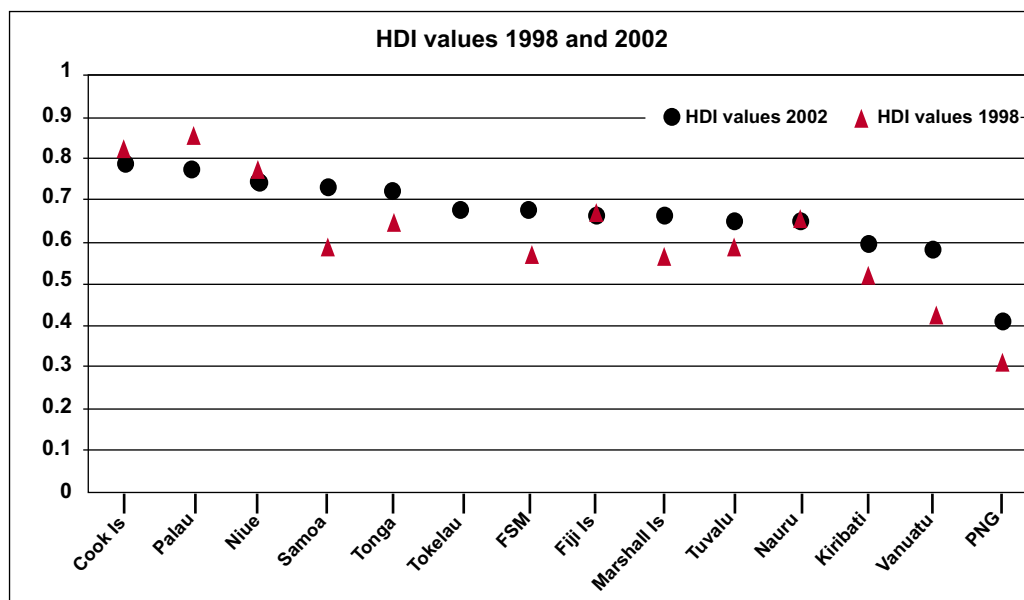
Table 1.1 Fiji's Ranking on the Human Development Index (HDI), 1990-2006

Year	HDI	International ranking
1990	0.724	71 Medium HDI
1995	0.741	46 High HDI
2000	0.769	66 Medium HDI
2005	0.752	92 Medium HDI
2006	0.758	90 Medium HDI

Source: UNDP Human Development Reports, various years.

Note: The lower the international ranking number, the better the score.

Figure 1.1 The HDI for Pacific Island Countries, 1998 and 2002



Source: UNDP (forthcoming)

Over the past two decades, political instability has taken its toll on Fiji. It has held back economic growth, which has contributed to a widening gap between the rich and the poor. A recent economic survey estimated that each of the four coups over the past twenty years has cost Fiji three years of economic growth, a total of 12 years of stagnation, and the impact has been greatly affected on the poor². This has eroded the sense of national community and diminished the quality of life for many people³.

While the exercise of measuring development standards has tightened the focus on practical achievements towards meeting national commitments, the current emphasis on international yardsticks such as the HDI and the MDGs has had one unfortunate effect, that of focussing attention on crude national averages. In this, a most elementary feature of statistics is easily overlooked: averages tell very little about the range. National averages show nothing of the extent of inequality within a country and can camouflage deep pockets of disadvantage. By international comparisons, Fiji may appear moderately well off but the extent of inequality is large and growing.

Since the late 1990s, Fiji's progress on the HDI has stalled (Figure 1.1). Infant, child and maternal mortality rates have halved since the 1960s and are now low, and life expectancy at birth is high at 70.7 years for women and 66.5 years for men. However, even a decade ago, in the 1996 census, there were signs that life expectancy numbers were no longer increasing and could instead be falling back⁴. There is a high level of adult literacy, almost universal primary school enrolment, and around 40 per cent of adolescents remain at school to the age of 18 years, up from a much smaller number a generation ago. Largely because these education indicators were already good, in recent years Fiji has made much less improvement on them than many of its neighbouring countries. But there is also growing pressure on the quality of education and other basic services, for while government expenditure on services has increased, so too has the proportion of funds that must go solely to operating costs.

Political instability and civil disorder in 2000 shocked the Fiji economy almost to a standstill out of which it was slowly drawn by the recovery of the tourism sector. This in turn brought

² Chand, 2007.

³ Government of Fiji, MDG Report, 2004

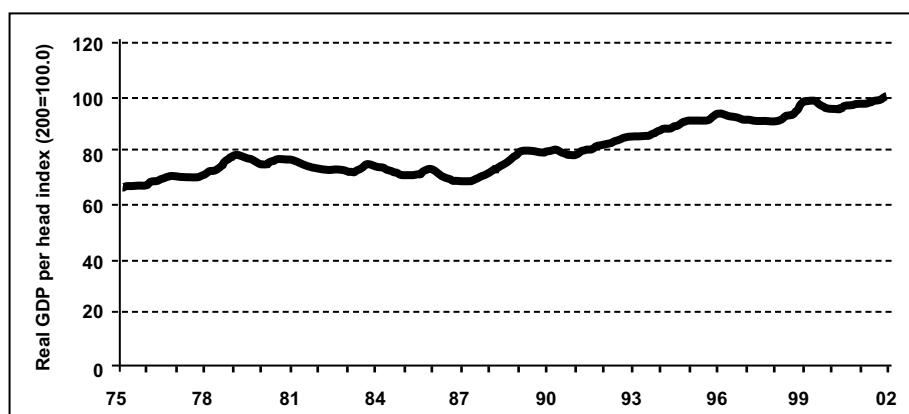
⁴ Bakker, 1998

growth in related areas such as restaurants and construction.⁵ Political instability, the expiry of tax holidays for some garment factories and loss of export quotas contributed to a decline in clothing manufacturing and the loss of approximately 6,000 jobs, most held by women.⁶ As qualified and skilled citizens emigrated, skill shortages hampered both the public and private sectors, however remittances from workers abroad now make a significant contribution to the national and household incomes. The rural sectors – agriculture, forestry and fisheries – have continued to shrink in importance since the 1990s. A sharp drop of cane production in the early 2000s and its poor quality, transportation problems, uncertainty over land-leases, poor mill performance, all contributed to a decline in sugar production, and thereby to export earnings and Fiji’s balance of payments.⁷ The viability of the sugar and clothing industries is in doubt, and with them most prospects for economic growth, employment, and tax revenues.⁸ Government efforts to stimulate the economy have been held back by a low level of private investment and continuing concerns over the security of land tenure and political stability. Another political crisis in late 2006 brought on another economic downturn.

These have been difficult times for many families in Fiji. Narsey (2006a) reported that average wages stayed below the growth line of per capita GDP from the early 1990s, caught up briefly in 1996, and then went into a deep and widening slump. People earning salaries generally did not do well unless they worked for Government or statutory authorities where strong unions could protect real incomes. Wage earners – generally people at the lower end of the income scale – were worse off in 2002-3 than in 1991.⁹

Despite the economic problems, GDP has continued to grow, but the benefits of this growth have not been well distributed. While there was little growth in real GDP per head from 1975 to 1987, it increased substantially since 1987, growing 23% from 1990 to 2002. The fact that poverty also grew over that period suggests that the development process has not been inclusive and calls into question the quality of both economic and social policies.¹⁰

Figure 1.2 Real GDP per head since 1975



Source: Focus Economics, 2005, derived from Fiji Islands Bureau of Statistics (2004) and World Development Indicators 2003

^{5, 7} ADB, 2003.

^{6, 8} ADB, 2006.

⁹ Narsey, 2006b.

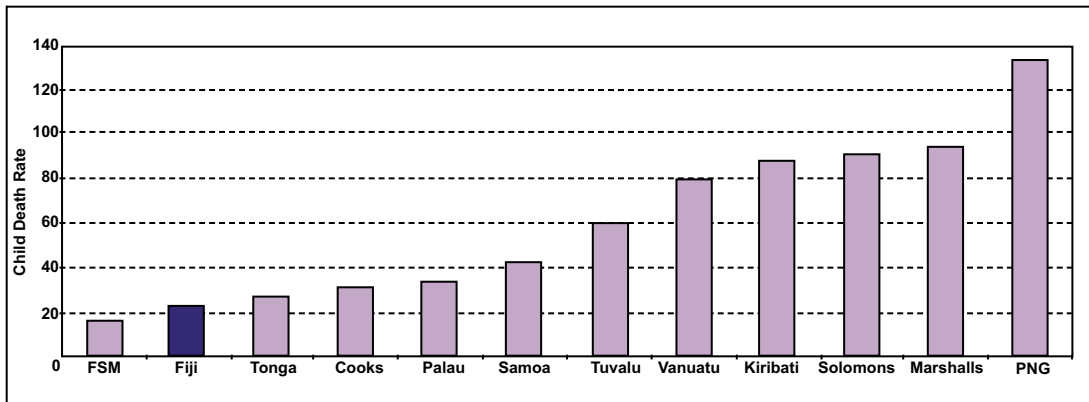
¹⁰ Focus Economics, 2005

The Fiji Government's stated commitment to equitable development has come under increased pressure. The present development plan is to focus upon opportunities for economic growth and to get the economy moving as a precursor to social development. But in recent years, government's budget has grown faster than the national economy and its level of debt has grown rapidly. Civil service salaries take up a large part of government spending, and the 2007 budget introduced a 5% pay cut for civil servants. There is little left over for capital costs, and social services are under growing strain to maintain their quality in the face of this declining investment.

Fiji's stalled progress on human development

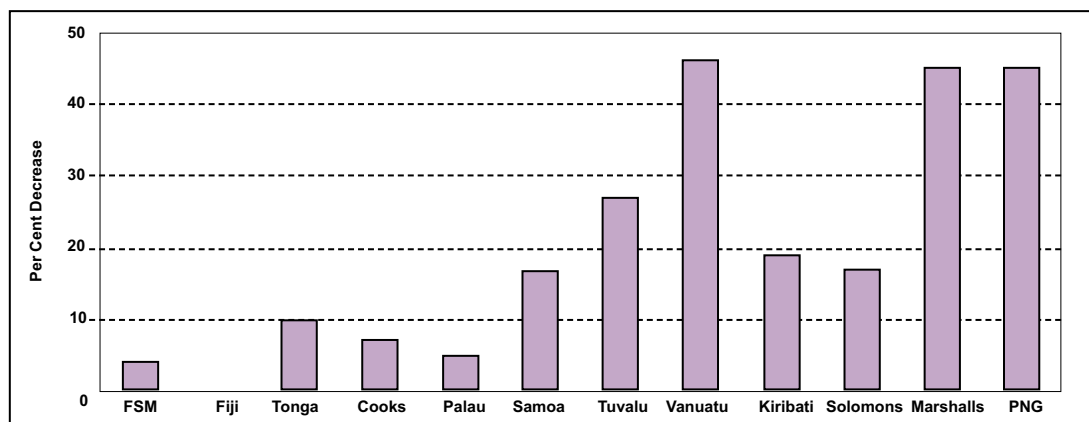
Child mortality is an important indicator of human development. Fiji has a relatively low mortality rate for children. In the early 1990s it was the second-lowest among Pacific Island countries. Over the past decade, child mortality dropped in every other country in the region – particularly in countries with higher rates – but Fiji remained static.

Figure 1.3 Child mortality rates in Pacific Island countries, early 1990s



Source: UNDP, 1999

Figure 1.4 Per cent decrease in child mortality in Pacific Island countries, early 1990s to 2000s



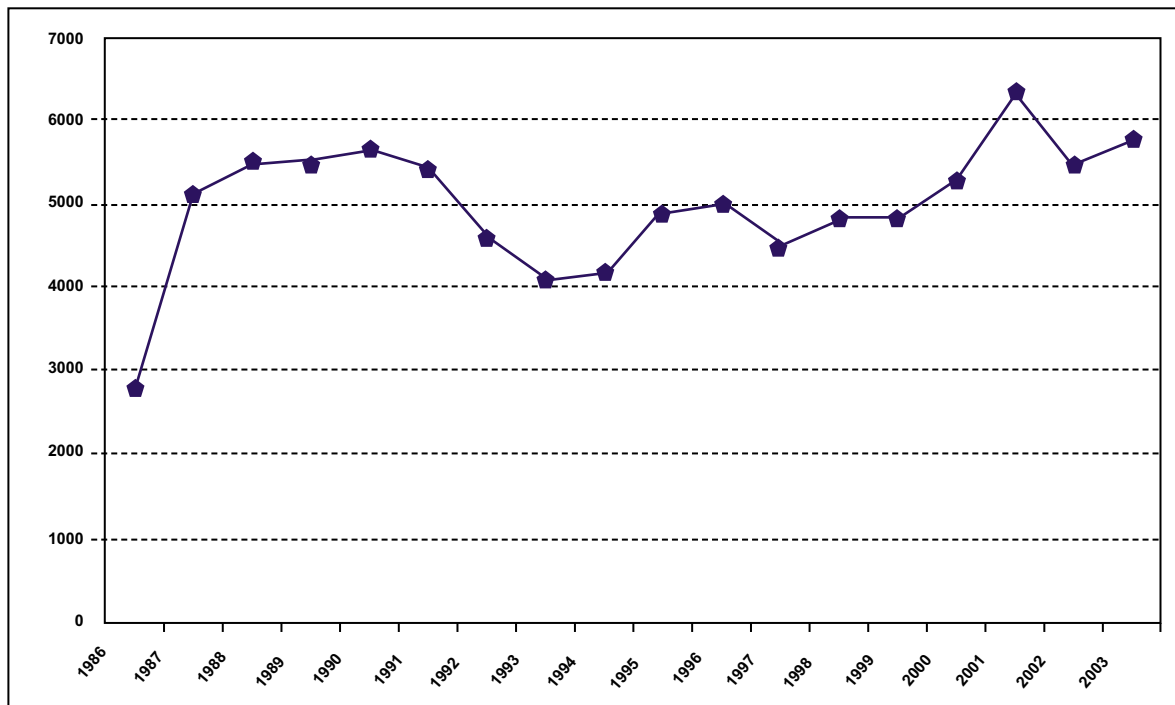
Source: UNDP, forthcoming

3. Population trends

The last national population census was held 11 years ago in 1996. Population projections partly compensate for the lack of recent figures but much is uncertain about the present situation. Because there are no firm population counts, important questions that cannot be properly answered include the proportions of children in or out of school, vocational skills in the working population, the extent of unemployment, the growth of towns, and the number of families living in squatter-like housing.

Since Independence, Fiji has had a slow but steady exodus of professional and skilled workers, but emigration accelerated in the 1980s. Soon after the military coups of 1987, emigration rates more than doubled. In the early 1990s, the outflow dropped back to around 4,000 people per year, partly because of long waiting times for visas, and then steadily rose again. By 2000, emigration was almost back to its post-1987 height, but after the attempted coup that year it surged upwards again, to a net loss of 6,300 people in 2001, 5,500 in 2002 and 5,700 in 2003.¹¹ Most migrants are skilled workers or professionals and their families. This 'brain drain' has had serious repercussions on the staffing of schools, health facilities, businesses and government administration.

Figure 1.5 Net Emigration from Fiji, 1986-2006



Source: Bureau of Statistics, 2007

Because emigration rates have been higher for Indo-Fijians than Fijians, the remaining population is more heavily Fijian, and this has an effect on other demographic characteristics. The crude birth rate, total fertility rate and infant mortality rate for several decades have been higher for Fijians than Indo-Fijians (Figure 1.6). As the population becomes more Fijian, these rates will likely rise – but as an artefact of the changing population composition rather than a deterioration of national health standards.

¹¹ Fiji Islands Bureau of Statistics, 2007.