

*Fiji's Economic History, 1874-1939: Studies of Capitalist Colonial Development*, by Bruce Knapman. Pacific Research Monograph 15. Canberra: National Centre for Development Studies, Australian National University, 1987. xi + 153 pp, maps, tables, references. A\$12.

This monograph, based on the author's doctoral thesis, has the central objective of examining the "spread, functioning and impact of capitalism during the first sixty-five years of British colonial rule" (v). Its six chapters address capitalist export growth, continuity and change in the "noncapitalist economy," the demise of the white sugar planters, the shipping dependency, merchant oligopoly, and monetary dependency.

The most original and interesting material is to be found in the chapter on shipping dependency, which documents how shipping conferences "eliminated price competition in the Fiji trade by collusion between themselves, by rate wars against rival lines, and by use of the deferred rate system" (82). Through monopoly pricing they were able to keep *Fiji* freight rates up while *world* ocean freight rates went down. Equally original is the chapter on merchant oligopoly, which documents through the study of the dominant merchant company, Burns Philp, the nature of oligopolistic competition and the attempts, some successful and some failed, at cartels in Fiji's commerce.

Oddly, the second chapter mixes discussion of Fiji's export performance with a description of the overriding dominance of the Fiji economy by the

Colonial Sugar Refining Company. Similarly, the chapter on monetary dependency and the political economy of exchange rate policy focuses largely on the exchange rate fluctuations from 1929 to 1933; on these some additional Public Records Office material and some different interpretations may be found in my own article in the *Journal of Pacific Studies* (1986).

Also omitted from the study is any analysis of the large export earner, the gold mines, whose entire labor force comprised indigenous Fijians. This failure to study the most important grouping of indigenous Fijian proletarians, rectified by Bain in her dissertation (1986), is surprising since chapter 3 covers diverse aspects of indigenous Fijian involvement in the economy. This chapter, while having some interesting information, does not adequately address the specific (changing) nature of Fijians' integration into Fiji's capitalist economy, which I shall discuss later.

The omissions mentioned may possibly be explained by the theoretical objectives of the author. In this monograph and in articles published previously, Knapman scathingly criticizes the "local exponent[s] of the underdevelopment thesis" (*J Pac History* 1985, 80) and "resident radicals [with their] anti-imperialist analysis and propaganda" (*Historical Studies* 1986, 95), who (this author included) have argued that Fijian economic underdevelopment may be largely attributed to the nature of the colonial economy created by the imperial power and dominant expatriate capital. Knapman's analysis is largely directed toward his conclusion that Fiji's "relatively undisturbed

colonial history, 1874–1939, was not the only history that could have occurred. *It was simply that most preferred in the circumstances*" (142, my emphasis).

While Knapman's central objective is to study the "spread, functioning and impact of capitalism," the chapters are disjointed and have one major weakness: there is no real systematic analysis of the development (or underdevelopment) of capitalism in Fiji, as has been so ably done for East Africa by Brett (*Colonialism and Underdevelopment in East Africa 1919–1939*, 1973), and as Narayan (*The Political Economy of Fiji*, 1984) and Sutherland (*The Capitalist State in Fiji*, 1984) have attempted for Fiji. Given the nature of Fiji's resources, one might have expected more focused discussion of the development (or lack of it) of agriculture, agro-based industrialization, entrepreneurship, the monetary and financial system, education and health systems—all necessary components of natural capitalist evolution in any economy.

Nevertheless, the individual chapters show much evidence of quite extensive research through official and private company records. Ironically, these provide additional evidence to support other studies (such as those by Gillion, Narsey [*J Pac Studies* 1979], Moynagh, Sutherland, Durutalo, and Bain), which suggest that the path of capitalist development in Fiji was "most preferred" only from the point of view of the expatriates operating with large amounts of capital in Fiji, and the imperial rulers.

Despite his conclusions, Knapman agrees with most of Moynagh's conclu-

sions about the detrimental effects the operation of the dominant Colonial Sugar Refining Company (CSR) had on development within Fiji: agricultural diversification did not occur in Fiji largely because CSR, out of its own interest in land and labor use, opposed any such developments. The minimum wage and cane price policies followed successfully through CSR's monopoly power, maximized profits, and these were exported rather than invested locally, effectively stifling domestic expenditure and demand. Puzzlingly Knapman concludes from all this that "Fiji's development potential would have been greater if it had been a country of temperate settlement instead of a tropical colonial economy" (129). Does this imply a climate theory of underdevelopment or is there a distinction being made between a country of *settlement* (white dominions?) and a proper *colonial economy*?

Although Moynagh was skeptical about the accuracy of profits declared by companies such as CSR, Knapman is more trusting, while acknowledging that in some periods substantial profits were made but understated. More important, Knapman disregards Moynagh's valid observation that in terms of significance for Fiji's economy, what counted was "not profits as a percentage return on investment but the total cash surpluses which CSR could remit abroad" (*Brown or White?* 1981, 253). The same argument would apply to the other large expatriate enterprises that dominated the Fiji economy and invested abroad most of their profits, which all writers acknowledge were a large proportion of investable surplus in Fiji.

Knapman refrains from contrasting the widely differing manner in which companies like CSR were controlled by the respective governments in Fiji and Australia with respect to taxation, shares of gross sugar proceeds, cane prices, wages, and working conditions. These were precisely the factors that were important in *reducing to a minimum* the long-term benefits of foreign investment to *Fiji*.

If we accept for Fiji Knapman's reiteration of Warren's argument that colonial underdevelopment may be attributed to *insufficient* capitalist investment and development, then this also raises questions that Knapman's monograph does not ask at all, either in the national context or in terms of international flows of capital within the wider British Empire (including the white dominions). Firstly, why did there not occur capitalist development, perhaps fostered by the imperial and colonial government, based on indigenous Fijian, Indo-Fijian, and Sino-Fijian entrepreneurship, especially since the last two groups had historically amply demonstrated their ability to be more cost-efficient than their European counterparts?

Knapman gives the impression that colonial administrators "aimed at a controlled and gentle integration of Fijians into the world capitalist economy" (26), but he also observes, without further analysis, that a major early attempt at Fijian commercial enterprise failed not only because "political independence from chiefs and white rulers was anathema to the strained ruling alliance [but] economic independence was anathema to white planters and

merchants who resented Fijian business rivalry" (42).

Aspects such as the use of the best land by non-Fijians, the rise and fall of the indigenous Fijian banana industry (failure contributed to in part by restrictions in Australia and New Zealand), the role of Fijian subsistence agriculture in minimizing living costs and hence real wages of urban workers, the inordinately greater taxation of Fijians (without corresponding benefits) in order to subsidize the early years of colonization (a pattern found in numerous other colonies), and the treatment of Fijian workers in the gold-mining industry, would all suggest that the imperial rulers were not particularly inclined toward the "gentle" introduction of Fijians to Western capitalism. Knapman's patchy sections on indigenous Fijian involvement in the colonial economy might be contrasted with the excellent studies by Samy (*Some Aspects of Ethnic Politics and Class in Fiji*, 1977), Durutalo (*Internal Colonialism and Unequal Regional Development*, 1985), Sutherland (1984) and Bain (1986). These authors might be classified by Knapman as "resident radicals" engaging in "propaganda" rather than cold analysis.

Similarly, Knapman's chapter on merchant oligopoly reveals the tremendous suppressive power that white expatriate merchants had over their nonwhite retailers, who were potential competitors. Yet he does not ask why the financial system, perhaps prodded by an imperial power interested in capitalist growth in Fiji, did not give the nonwhite traders the support that they needed to grow. It is significant that

much of Knapman's analysis of commerce in Fiji is carried on, not in terms of different fractions of capital, but in terms of the "ethnic" categories that owned capital.

Nor does Knapman's chapter on monetary dependency discuss the relative inactivity of the financial sector in fostering capitalist development in Fiji. For most of the colonial period, the Australasian banks in Fiji kept Fiji's savings abroad, despite the obvious and intense domestic need for finance. This export of colonial savings was reversed only a few years prior to independence in 1970, with financing of local companies being boosted only after the arrival of a bank from India and a more competitive American bank. Moreover, the rapidity with which nonwhite entrepreneurs in Fiji have taken over from expatriate companies in certain spheres of Fiji's economy in the postindependence period, suggests that Knapman would probably agree with Gillion (*The Fiji Indians*, 1977) that the forces that controlled Fiji's economy in the colonial period, were averse to fostering capitalist development based on nonwhite entrepreneurship.

Knapman's study has a superficial treatment of the failure of the imperial and colonial government to foster capitalist development in Fiji. He argues that the *colonial* government (not the imperial government?) was not aggressive enough or did not have enough accountants to tap a larger share of the sugar proceeds or repatriated profits (135). Knapman also concludes that imperial "financial conservatism" led to colonial monetary reserves and savings

being invested in London despite the existence of avenues for domestic investment locally.

I have shown elsewhere that British colonies in general, including Fiji, were forced into this policy precisely in order to help finance the imperial government at colonial expense while helping to stabilize the London money market (see my DPhil thesis, 1988, and *J Pac Studies* article, 1986). Moreover, the sums lent to London were large not only in relation to the small amounts being spent on indigenous development within the colonies but in aggregate; in crucial periods, they were significant in relation to the external debt of Britain.

Knapman argues that imperial financial conservatism forced the colony to keep expenditure strictly within its revenues and minimize its borrowings in the London or any other money market. Yet the white settler parts of the British Empire in the same periods very successfully followed the opposite policies and were allowed, and indeed at times encouraged by the same imperial power, to be massive borrowers of capital in the London money market. These "temperate colonies" received substantially more foreign capital, both British and non-British (the latter was discouraged in colonies proper?) and enjoyed a relatively faster capitalist development.

In Knapman's analysis, the same imperial financial conservatism limited expenditure on education, health, infrastructure, and other facilities necessary for capitalist growth. Knapman does not explain why *within* Fiji, per capita expenditure for the education of white children was fifteen to thirty

times that for nonwhite children; from the earliest times, the imperial authorities easily envisaged finance for white planters but not for nonwhite farmers. Similar patterns of ethnic discrimination permeated all aspects of economic, social, and political power relations in Fiji. The imperial and expatriate interests vehemently resisted nonwhite strivings for political franchise (Gillion 1977), so necessary for ensuring nationalist economic policies directed toward the development of *all* colonial inhabitants rather than only of the enfranchised and the economically powerful, or of the interests of the imperial power.

The imperial failure to foster capitalist development may be seen most obviously and importantly in the refusal to educate indigenous Fijians and Indo-Fijians to become the engineers, lawyers, chemists, physicists, teachers, bankers, administrators, and other professional and skilled personnel without whom capitalist development is well-nigh impossible. Right up to political independence in 1970, all the major capitalist enterprises, government and statutory organizations, and even the prestigious government high schools, were staffed by expatriates from Britain, Australia, and New Zealand.

While the metropolitan countries and "temperate colonies" for their *own* development wisely established universities and other tertiary educational establishments from the earliest times, "tropical" colonies like Fiji saw a university only two years before political independence in 1970. Knapman himself has seen a whole generation of graduates emerge from the regional

University of the South Pacific where he taught in the mid-1970s. In less than two decades, these local graduates have replaced expatriates in government, the private sector, and statutory organizations, and also to a large measure (despite resistance by vested interests), in educational institutions like the University of the South Pacific. Much of whatever development has occurred in the postindependence period has also depended on this newly educated labor force.

More important, emerging academics in Fiji (as also in colonies as far apart as Guyana, Nigeria, Singapore, Malaysia, Mauritius) have tried to understand, beginning with early studies such as Rokotuivuna et al (*Fiji: A Developing Australian Colony*, 1973), the nature of their people's economic, political, and social backwardness, especially when contrasted with white settler colonies of similar vintage. Robertson (*J Pac Studies* 1986) has described the nature of this recent blossoming as a "genuine people's history [which escapes] the false 'people's histories' concerned solely with the articulate and the elite," or one might add, those histories uncritically based on the records and documents of the dominant classes.

Not surprisingly, in most of these colonies, much of the responsibility (*though not all*) has been attributed to the imperial or colonial government and economic interests that have wielded power over the nonwhite people for a century. Some evidence might be seen in the relatively more rapid development of capitalism (whether this implies development for the majority of Fiji's inhabitants is another ques-

tion), *albeit necessarily accompanied by major problems*, achieved in the relatively short periods after political independence.

While Knapman stated that imperial government, after one century of rule in Fiji, made its "firmest contribution to foundations for future development by creating physical infrastructure" (136), there is no evidence that this was directed toward the development of the local inhabitants; Moynagh and others have concluded that local benefit was minimal. Equally important, the recent traumatic events indicate that imperial rulers had created a time bomb, with such volatile fuses as the *historically created* marginalization of indigenous Fijians from commerce in the economy; marginalization of working people from the political processes; deep political and social divides feeding on poverty, unemployment, and racial prejudice; and relations of power that have generally tended to continue what some would call "neocolonial" economic policies (see Samy 1977; Sutherland 1984).

Knapman's conclusions possibly derive from his ability to see only three options for colonial development in Fiji: "evolution in isolation or a superior form of foreign dominated capitalist development . . . [or] an attempt at large-scale white settler development founded on dispossession and forced rural proletarianization of Fijians" (139). He fails to discuss possible capitalist development based on the numerically superior indigenous Fijians and Indo-Fijians in the colony.

If one accepts that an imperial government must be expected to foster the interests of dominant expatriate capi-

talists; that their capital will be allowed to follow wage and price policies that minimize the retention of value added within the colony, with most of the profits being expatriated, even if they constitute a large proportion of the investable surplus in the colony; that the colony will not be allowed to significantly tax these profits; that neither will the colony be allowed to borrow internationally while investing public savings abroad; that the logical result will be minimal expenditure on education and other vital facilities, however necessary for capitalist development of the local people; and that the expatriate-dominated political and economic system will discourage the fostering of local capitalists in competition with expatriate capitalists; then Knapman's major conclusion logically follows: Fiji's colonial history *was* the most preferred in the circumstances. One only needs to be clear about *whose* preferences were satisfied by the people in power.

Overall, although the individual chapters sit together uneasily, if assessed purely in terms of an analysis of general capitalist evolution in Fiji, Knapman's monograph contains much interesting, well-documented new historical material. His writing style, while polemical, is witty, sharp, easy-flowing and generally attractive. As a "Warrenite" interpretation of Fiji's colonial history, the book is worth reading for any student of Fiji and Pacific Island economies and multi-ethnic excolonies dominated by foreign capital.

WADAN NARSEY

*University of the South Pacific*