MONOPOLY CAPITAL, WHITE RACISM AND SUPERPROFITS IN FIJI

A Case Study of CSR

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INTRODUCTION

The people of Fiji today face many problems and contradictions: in a nation apparently well endowed with natural resources both land and marine, there is the much-publicised spectre of large and growing unemployment; an increasing proportion of the young are committing acts which the society is classifying as 'criminal'; above all, the bulk of the people of Fiji are fighting a losing battle with the inflationary cost of living on incomes that has for decades condemned them to poverty: with prices comparable to those of Australia and New Zealand, the incomes of wage-earners in Fiji have been merely a fraction of Australian and New Zealand wages.

The solution to all these problems is seen by each Development Plan for Fiji to lie in accelerated inflows of foreign investment. Yet Fiji has not lacked for foreign investment in the past. For ninety years up till 1973, the Australian giant CSR (later known in Fiji as SPSM) controlled the entire and vital sugar industry in Fiji. The Australian firms of Carpenters and Burns Philips have been likened to octopuses in their dominance of the Fiji economy for the last century. The Australian and NZ banks control most of the financial flows. Most of the other large commercial and industrial enterprises as well as the tourist ventures are foreign owned.

Yet this century of foreign investment has not provided any long-term solutions to the development problems of Fiji. On the contrary, in Fiji as in most comparable Third World countries, foreign dominance of the economy is seen to be a cause of underdevelopment. This paper focuses on one symptom of underdevelopment, low incomes, and seeks to relate it to the specific nature of foreign investment as...
revealed in Fiji's sugar industry. Clearly the most important sector of the cash economy in Fiji would provide the reference point for wages in the entire Fijian economy. In addition, because wages in Fiji began to be pegged to the cost of living well before the nineteen twenties, it is necessary to find out what determined the levels before then; the analysis has therefore to be historical.

Traditional economic theory talks of 'marginal productivities' and the 'free market forces of supply and demand' as being the key determinants of wages in the competitive economy. This study however shows that in Fiji's sugar industry, the primary factor was white racism ensuring super-profits for monopoly capital within the favourable environment provided by British Colonial policies. That it was not merely the usual exploitation of labour by capital will be shown by a comparative analysis of CSR's operations in Australia. That the element of monopoly was probably influential will also be demonstrated by a comparison with the Jamaican sugar industry whose output was comparable to Fiji's in that period. In addition, it will be shown that there were numerous non-market forces that operated to ensure that labour did not obtain a just deal: lack of bargaining power, disunity, ignorance of relevant information and not the least, unsympathetic consideration by official Commissions of Enquiry. That the sentiments against labour was not specifically 'anti-Indian' in nature (whites have portrayed themselves as protectors of indigenous Fijians against Indians) will be illustrated by a brief account of the pre-indenture days showing that similar racist tactics were used against indigenous Fijians.

It is essential to show that low wages were not due to the inability of the company to pay, that in fact relative to the size of Fiji's economy and indeed to CSR's entire operations in Fiji and in Australia, huge fortunes were made in Fiji by CSR at times of utmost repression and exploitation of their labourers. That these fortunes were not by and large reinvested in Fiji could be seen as one prime reason why Fiji's economy has been starved of employment-creating capacity over the century; the sugar industry was the primary generator of surplus in Fiji, and this surplus was repatriated back to Australia where CSR is now the seventh-largest firm in size of operations. Fiji, in common with most Third World countries, has also created the surplus that has helped build a metropolitan power.
BEFORE INDENTURE

"...but the great law of the progress of the human race is one that, as enforced, admits of no rights in the savage race; ... in whatever country we have set our foot, neither contracts, nor mercy, nor Christianity has restrained us from seizing on the lands, and punishing resistance on the part of the aborigines with death. At first the trader only asks for a plot of land on which to build his house; then the necessities of commerce, and the greed of individuals year by year, force on an extension of the territory; then come troubles and local wars, making it imperative on our race, if we remain in order to avoid being subject to caprices of men hardly above the brute tribe, to take part in the internal affairs of the savage; then follows conquest, and the destruction or enslaving of the inferior race...."

-letter by 'Dan Vosota' to Fiji Times, 23 Oct. 1869.

In essence, this paper describes the struggle over the fruits of labour between those that produced it, namely the farmers and workers, and monopoly capital in the form of CSR. There were many parties active in the struggle besides the above two. The colonial government, the chiefs and other people in Fiji all directly and indirectly affected the outcome of the struggle. In the process, the different parties had definite roles and attitudes that must be analysed in the broader Fiji context and with a longer time horizon for our understanding to have depth. For instance we shall show that the struggles against economic exploitation were often to be officially alleged to be ethnic political agitation by Indians. Fijians were then mobilised against the struggles of the farmers and workers. It is therefore necessary to show that the exploitation that the sugar farmers and labourers were subjected to was also experienced by indigenous Fijians, and that it also took the form of racist exploitation of non-whites by whites. This
common experience of Fijians and Indians was however obscured by the manipulation of politics along ethnic lines by those that gained from such ethnic polarisations. To understand better the actions of the colonial government and the chiefs in the struggles in the sugar industry, we shall outline their roles before indenture. Of special importance will be the roles expected of the chiefs during the 'experiments' in government before Fiji was ceded to Britain.

The Search for Land and Property rights

Before arriving in Fiji, British Capital in its search for profits had already made its impact in Australia and New Zealand. The first easy accumulation of physical capital had already occurred with the slaughter of the Aboriginal and Maori people and the confiscation of their land. A similar fate did not befall Fiji not because of any benevolence towards Fijians but because wars imposed heavy burdens that the potential colonisers were not then ready to bear. As an Australian Governor observed, noting the war-like reputation of the Fijians and the rugged terrain they fought in, "The cost of an attempt to maintain the supremacy of the white population will be comparatively great and the loss of life enormous". While direct physical force was ruled out, traders, planters, missionaries and consuls of foreign governments had obtained a foot-hold, and political manipulation of inter-tribal rivalries and the chiefly system ensured that the needs of capitalist enterprise would be met.

The first major problem facing the whites was how to acquire land as cheaply as possible, and obtain the property rights over it. Initially the whites used their strongest trading item - firearms. By a judicious supply of muskets and even the skilled manpower to use them, they eventually created powerful chiefs whose power depended crucially on a continuing supply of arms and ammunition. Even Thurston, who was later to become a Governor of Fiji, obtained land for muskets and "regarded a dozen or so muskets as a part of a planter's trade equipment." Much land was therefore 'bought' in exchange for firearms, by tribes wishing to establish military ascendancy over others.

In the large-scale alienation of land, however, the chiefs were to play the most crucial role and hence contributed directly to much strife that was to occur between Fijians and the whites. France notes
that while the earlier grants of small blocks of land were more in keeping with Fijian custom where land could be alienated for personal use by the receivers, "...alienation of large blocks of land for commercial agriculture or speculation...became the most powerful cause of racial discord." Chiefs who had usually consulted the ordinary people earlier, when the demand and price of land began to go up, began to sell land without their people's permission.

"The authority assumed by these chiefs was absolute and unhampered by consideration for the welfare of their people. The occupants of the land which was sold to Europeans were seldom informed of the chief's decision until the transaction had been completed." This would then lead to open hostility between the buyers and the people who were already occupying the lands. In this situation, the settlers could establish their rights only with the chief's protection and approval and indeed settlers were advised to seek the chief's aid:

"Let the chiefs decide your dispute, who as a rule will take your side... if you have not 'tact' sufficient to keep friends with the chiefs, for your own sake as well as others, you should seek another home." The chiefs frequently had a direct personal interest in sales since a large part of the proceeds went to them. Half of the proceeds from sales ratified by the Government of Bua, went to Tui Bua. Cakobau received twenty five cents for each acre of land ratified by him.

There has been much debate about whether or not Fijians knew what a 'sale' was, and whether or not they knew that the land was being permanently alienated. One dominant stream of thought saw the Fijians as merely granting usufruct rights and not property rights. France however argued that this was not so:

"The permanent alienation of land is a common feature of Fijian culture and
the concept can be easily and unambiguously expressed in the Fijian language." 8

While one could argue that mere ability to express an idea in a language does not imply that the people put the idea into practice, there is a more fundamental fact that France misses. This is that while the alienation of land among Fijians still left the disposal and use of the land subject to the customs of the Fijians, sale of the land to the whites put that land firmly into the capitalist market economy. That while the former left Fijians still with the possibility of obtaining use of the land by making presentations which did not necessarily bear any relation to the quantity or quality of land, the latter meant that Fijians could thereafter only obtain the land by exchanging equivalent values in the market economy. Given that speculation was rife, the values demanded of course rose with increasing demand for land and would clearly have been out of the reach of most Fijians.

There has also been much debate about whether or not chiefs had the power to dispose of land without the 'commoners' permission. France believed that they did. 9 Roth however thought that not even chiefs had the power to permanently alienate land and that they were merely one of the tillers of the soil alongside other Fijians. 10 One could support this by noting that the degree of conflict over land rights indicated the extent to which ordinary people disagreed with actions of chiefs and were prepared to oppose their wills. A prime consideration would be the actual physical power of the chiefs to enforce their decisions, and in this respect, their power had certainly been bolstered with the coming of the whites. Firstly, usually only the chiefs had the ability to accumulate enough wealth to obtain firearms and indeed whites tried not sell firearms to other than chiefs. 11 Secondly, the coming of Christianity and the demise of the Fijian traditional priests meant that one extremely strong check on chiefly power was removed, and chiefs felt themselves able to alienate land at will with or without their people's permission.

Another important factor that led to the alienation of land was the success of Christianity among the Fijians. The missionaries attacked the indigenous customs, religions, and priests, and converted the chiefs to control the commoners. However, not all the missionaries came to save souls;
of one group, Scarr writes:

"It was second nature for the Wesleyans to think much in commercial terms. If they did not actually come from trade, they often aspired into it."12

The head of the Wesleyans speculated in land, encouraged white settlement to make his speculation financially profitable and even to that end supported the Pacific Island Labour trade because of its aid to settlement. While in the eyes of God, all men might be considered equal, in the eyes of another Wesleyan head, all men were not equal and he opposed the granting of franchise to Fijians during the Cakobau Government.13 Nevertheless, much land was granted by chiefs to the various Churches.

Further land was alienated by sheer force and the perpetrators were often the consuls of the British and American Governments, who were large speculators in land. They bought large blocks of land frequently by trading in arms and ammunition in the local wars, often to both sides, and backed up their land claims by using the passing American and British warships. Scarr documents the case of the Acting British Consul who followed his predecessor's example by using a warship to "exact a fine in land... as punishment for depredation on a European's property."14 The British Consuls also backed property claims by settlers since many of these claims were registered in the Consul's office. One Consul, Pritchard, even threatened not to help Cakobau against the Tongans unless Cakobau ratified all the titles in the Consul's office to which Cakobau agreed!

In general it was acknowledged even by a British Consul that there was much fraud involved in the alienation of land and that wherever the disputes arose, the settlers were often the aggressors.15 Nevertheless, they did obtain land 'claims'. But then they faced a major problem in that their claims could only be made secure if there existed formal government to establish law and order and deal with the Fijians, who disputed their claims.
Puppet Governments

To establish formal property rights for the whites, Governments had to be set up. There were many experiments, some localised and some claiming national jurisdiction. Most were characterised by the Europeanness of their origin and backers and the fact that their primary function was clearly the legitimisation of land sales and property rights. There was the Confederation of 1865, the Government of Bua, the Kingdom of Bau, the Lau Government, the Tovata and eventually the Cakobau Government of 1871. The last needs a deeper analysis because it illustrates many of our central themes. Of the Cakobau Government, France writes: "The Government was set up by settlers and exclusively for their benefit: not least among their motivations was the need for security in the possession of their lands."16 Despite the fact that Cakobau had himself acknowledged that he was not even Tui Viti, he was made King of Fiji.17 However with the crucial ministerial posts all being filled by whites, it was quite clear where power was to really lie:

"We do not require their (Fijians') talent, the white man will bring that; but we require their sanction because in mere brute force...we are not more than a fiftieth of what they are and we also require for purposes of government their money contributions. In all other respects, the European will rule...and if the prominent figure be a native whether in the form of a king or president, it is only a puppet, the strings of which are pulled by the white men."18

The whites however blundered in the drafting of the constitution which gave franchise to every adult male and not just to whites. When their attempt to modify the constitution met with opposition from the chiefs, the racists came out in full cry: "It was never intended to permit a hundred thousand of an inferior race to dominate over two thousand of a superior race which had invested a quarter of a million in this country."19 Having also made full use of the chiefs, now that their interests were being opposed, the real sentiments of the whites towards the chiefs was openly expressed by an influential elected member of the Assembly:

"What are they but niggers and hill-men? Is it not an insult to this
house and to every white man in this
country to have an old nigger like
the king set up, as he is being set
up? King indeed. He would be more
in his place digging or weeding a
white man's garden.\textsuperscript{20}

One of the most powerful chiefs in Fiji was seen as
only fit to be the white man's gardener.

These attitudes expressed themselves in concrete
terms as the whites organised to protect themselves
and 'their property'. Organisations such as Ku Klux
Klan, British Subjects Mutual Protection Society,
White Residents' Political Association and Fiji Reform
League were all active during this time. There were
confrontations frequently over land claimed by
settlers, whites attacked, whole villages burnt in
'retaliation' and there were even plots to overthrow
the government\textsuperscript{8} Cakobau was also coming under intense
pressure because of 'the debt'. This debt had arisen
after the American Consul's belongings had been looted
by unknown people and Cakobau had inexplicably been
made responsible. Succeeding consuls had kept inflat­
ing the figure until the Fijians could not pay it even
if they wished to. The debt then began to be pressed
by every passing American warship. Companies and
individuals also attempted to obtain fabulous con­
cessions in land and other matters by offering to pay
the debt.

It was under these conditions that Cakobau and
his government faced pressure from the whites to cede
Fiji to Britain. A conditional offer of Cession was
made to Britain who sent Commissioners to only
investigate annexation. However one of the
Commissioners was closely related to a white settler
and his racist attitude was quite plain:

"You do not suppose that I have come
with any intention except that of
seeking the interests of the English.
The English Government cares no more
for a hundred and forty thousand natives
and three white ministers than for Samoa
or the New Hebrides"

and that

"White opposition to the new constitution
(giving franchise to the Fijians) might
have been expected. What respectable
white man could accept it?"\textsuperscript{21}
The Commissioners then began to plot to bring about Cession. They attempted to frighten the Chiefs who had gathered for discussion on Cession, by warning them of the impossibility of their ever paying off the 'debt'. When the chiefs declined to cede Fiji, the Commissioners declared the Fiji Government bankrupt and warned British subjects in Cakobau's service to resign or face prosecution. The white ministers all resigned with the exception of Thurston who alone attempted to form a new government.

Eventually, the chiefs who had gathered gave in and under extreme pressure, ceded Fiji to Britain. As Cakobau was to say to Robinson who came to receive Cession "of one thing I am assured; that if we do not cede Fiji, the white stalkers on the beach, the cormorants will open their maws and swallow us." Britain on the other hand went along with the Cession even though it was recognised the Commissioners "had exceeded their duty and disobeyed their instructions." The Cession of Fiji was clearly not freely made but under pressure from all sides. From the Fijians' point of view, having seen what had happened to the Maoris and Aboriginals who had resisted the will of the whites, their decision was understandable. On the part of the whites, there were many interests that saw Cession as beneficial to themselves: land claims would be ratified and guaranteed protection by the British Government; with political stability and protection of property guaranteed, capital would flow in resulting in higher demand and prices for land - the land speculators, who included consuls and missionaries in their ranks, stood to make fortunes; with stable government commercial exploitation of the country's resources could proceed faster.

Much of what was expected did come about. Even though the whites had cultivated only about seventeen thousand acres, they claimed more than eight hundred thousand acres and were given titles to more than four hundred thousand acres of the best land in Fiji. These claims now were backed by the legal processes and military might of the capitalist British system and the resources of the entire British Empire. The property rights of the whites could not be more secure.

The Search for Cheap Labour

However land by itself yields no profits. Labour was essential but the early settlers did not have in
mind European labour. The Fiji Times made this explicit in 1870:

"Paramount in importance, and before which all other questions - whether of native wars, Fijian politics, or ruling authorities fade into insignificance, is the material one of labour. All the varied and multi-form advantages of tropical soil, climate and vast productions are useless without the motive power of human life. Not labour from a European point of view, when it is a mere question of quantity and price. ....cotton and sugar...seem fated not to prosper without the aid of slave labour."24

It was clearly recognised that to obtain a greater quantity of white labour was merely a question of raising wages. This was not envisaged for cotton and sugar, traditionally produced by cheap black labour, and was understandable from the point of view of profits to be made from black labour. During the cotton boom for instance, it was estimated that a native whose wages and cost of food amounted to a mere six pounds per year would annually produce a hundred and fifty pounds, while in addition the settler could get the native's "little darkskinned children (to work) all day" in the cotton house for free.25

It is therefore crucial to see how wages for non-whites were determined. One clear method was by open collusion between employers through the columns of the Fiji Times

"..let us not allow ourselves to be tempted under any circumstances to go beyond the liberal standard of wages laid out in the public notice to be found in our columns of today..and thus everyone making the case his own will save his own shilling..."26

These public notices stipulated that a wage of a shilling for a ten hour day should not be exceeded.

Unfortunately for the planters, the ordinary Fijians were not interested in offering their labour at the wages paid. In addition to the low monetary returns, there were many adverse alienating effects
that wage labour clearly implied for the early Fijian, as Gillion quotes:

"...the fact of the matter is that no Fijian will go from home to be worked from morning till night upon paltry pay, indifferent fare and frequently anything but mild treatment, if he can avoid doing so. His wants are few and he is indisposed to sustained labour. He also prefers the presence rather than the absence of his wife and children; and the cultivation of his own qali land is infinitely more interesting to him and more in accordance with his proclivities than the cultivation of a stranger's land, distant a hundred miles perhaps from the place he was born. The native villager lives in a commune and to move out of that commune is opposed to his natural instincts and habits."

Although some Fijians were recruited, these were mostly in return for muskets and money paid to the chiefs. With insufficient local labour, the planters then resorted to Pacific Island labour which was obtained by fair means or foul. Strong competition from Australia which was prepared to pay slightly higher wages then the Fiji planters and greater resistance from the sources of Island labour, meant that Fiji's demand remained unsatisfied.

With planters renewing their demand for Fijian labour even if it were forced, the Cakobau Government revealed another of its crucial roles - that of procuring labour for the whites. It imposed a poll tax of one pound on natives (two pounds on whites - grossly unjust given the relative earning capacities of whites and Fijians). The Fijians could of course only earn their tax by working for the whites or selling their produce to them. In 1872, an act was passed to put Fijians who had not paid their taxes to hard labour on the plantations of the whites. A further act in 1873 was intended by a Minister of the Cakobau Government to supply planters with an unlimited supply of labour from the Viti Levu war in the form of prisoners convicted of rebellion. Clearly, the Cakobau Government was not much concerned with the welfare of Fijians since the chiefs themselves were to later recognise that wage labouring was a "major social evil which broke up homes and families, inter-
ferred with the supply of food, created a vagabond class and caused depopulation.\textsuperscript{30} Whole provinces had in fact been observed to be deprived of cultivators.

After Cession therefore, the first governor, Sir Arthur Gordon, changed the system of taxation to a communal one and made the permission of the Fijian officials a prerequisite before Fijians could be hired as labourers. When the Fijian labour supply dried up, the settlers erupted in opposition to Gordon's policies "with the exception of three of four officials, every white person in Fiji was against the tax scheme."\textsuperscript{31} Clearly the sole aim of the previous tax scheme had been to supply the whites with the cheap labour that was essential for their profits. The settlers wanted a lessening of the Fijians' communal obligations and the imposition of poll or labour taxes to 'encourage' Fijians to work on the plantations. Their arguments ranged from one extreme that the natives be made to serve the whites and that all official control of employer/employee relations by removed, to the other extreme that European enterprise would 'civilise the savage' and therefore raise his standard of living. The whites did not envisage raising wages in order to raise standards of living.

With the extreme shortage of labour towards the end of the eighteen seventies, the planters were getting desperate and many were claiming bankruptcy. More importantly, there was pressure from Britain for Fiji to become self-financing as all colonies were supposed to be. Large capitalists had expressed interest in setting up sugar mills in Fiji if suitable guarantees were given as to labour supplies. The Colonial Government preferred the larger concerns because "the companies could provide the revenue the government so badly needed and they could do so without Fijian and Island labour."\textsuperscript{32} Fijian and Island labour schemes would have jeopardized the whole colony or draw fire from international societies. Having already had experience of Indian indentured labourers in Trinidad and Mauritius, Gordon decided to introduce them to Fiji. They had accepted the harsh plantation conditions of work in other countries and there was no reason to suppose they would not in Fiji. There seemed an inexhaustible supply, sufficient anyway for whatever scale of enterprise was established in Fiji. From the colony's short-term point of view the indenture system eliminated the uphill battle that would have been necessary to convert Fijian villagers into wage labourers on a large scale. It also stopped
involvement in the Island labour trade, something which had drawn as much criticism as a revival of the slave trade.

Thus, even before the arrival of Indian indentured labourers in Fiji, certain definite relations had been established between the Fijians, their chiefs, the whites and the Colonial government. Whites considered Fijians to be inferior beings socially and politically. They translated this into an economic policy that increased their profits by ensuring that wages paid did not exceed the levels that whites considered reasonable for non-whites. To achieve this the employers openly colluded through the press. Whites also showed themselves adept at manipulating the chiefs, who in their own interest, made decisions detrimental to their own people but favourable to the whites. The actions of the Consuls, the Commissioners seeking Cession, and the Colonial Government clearly point to the fact that the primary interests to be safeguarded were those of the whites and associated Imperial capital: had the interests of the Fijians been the primary consideration, the British Colonial Government would have removed all Europeans from Fiji. This solution was never considered. Instead, Fiji and its resources were made part and parcel of the British Empire.

This then sets the scene for the arrival of CSR in Fiji and our analysis of the inter-reactions between CSR, the indentured labourers and later the small farmers and the Colonial Government.

THE INDENTURE SYSTEM

The Colonial Sugar Refining Company (CSR), which was one of the large capitalist concerns needed by the Colonial Government in Fiji, had started off with a refinery in Australia in 1855, and by 1880 owned mills which were producing a quarter of Australia's sugar. Its growth of power in the Australian sugar industry was rapid and as early as 1912, it was being accused of price fixing and other monopoly practices. In 1879, CSR in Australia had realised that the arrival of Indian indentured labourers in Fiji would sooner or later lead to sugar being produced in Fiji which would come into competition with their sugar. To forestall competition, it set up its first Fijian mill in 1881, had three more by 1903, by which time it was producing most of Fiji's sugar, and by 1926 owned all the mills in Fiji.
From the very beginning of CSR's operations, Fiji's well-being was seen as inseparable from that of the Company by the Colonial Government. Before the Indian indentured labourers arrived, CSR employed 587 Islanders of whom 220 died within six months. When the Government banned further Island labour and CSR was unable to find an alternative, the local Inspector for CSR threatened the government that if "adequate labour was not forthcoming, he would advise his company to transfer all its interests to some more favourable quarter." The Colonial Government's reaction to this blackmail was "Were the affairs of the Colonial Sugar Company to become crooked, the Colony would utterly collapse." CSR from the beginning had the most powerful leverage on the Colony that it could possibly have - power over its survival.

Hence by 1882, the Fiji Government began directly arranging the Indenture scheme: the immigrants were recruited on requisitions sent to its agents in India who contacted their sub-agents and their recruiters. Some 60,000 immigrants arrived between 1879 and 1915. Most were employed by CSR.

The conditions under which the indentured labourers were recruited, transported and worked are described by Gillion. The events concerning the labourers, CSR, the Colonial Government and the Colonial Office in the period are also outlined, yet Gillion balks at showing how these participants interacted with each other to serve one primary function - the extraction of profit from the indentured labourers. Any reforms that occurred, far from being motivated by humanitarian concerns, were merely carried out to preserve the exploitative system, so that it could continue.

The Indenture Agreement and the Task System

The basic instrument for extracting profit from the indentured labourers was the Agreement signed by the workers before they even left India. Although ignorant of the economic conditions in Fiji (most didn't even know where Fiji was) they agreed to serve for five years, at the rate of 1/- (nine pence for women) per working day of nine hours, exclusive of stoppages. The agreement they signed expressed their wages in Indian currency. If the cost of living was higher in Fiji than in India, then they were binding themselves to a lower real wage than at nominal wage. Further, if the cost of living were to rise over the
five years covered by their agreement then their real earnings would decline correspondingly. Their loss would of course be their employers' gain if commodity prices were to rise.

Yet fixed wages from time work not satisfactory from the employers' point of view. In general, time work was abandoned and task work introduced. The Agreement signed by the labourers initially made no mention of task work. When it was later introduced, a 'task' was defined as what an ordinary able-bodied adult male emigrant could do in six hours steady work. However, the employers themselves were to decide what the task should be.

The system could clearly work to the employers' advantage - under time work, the minimum wages had to be paid whether the necessary labour was extracted or not; with task work, if the task was set too high, not only would the maximum labour be extracted but less wages could be paid on 'nonfulfillment' of tasks. And so it happened. The burden of the early 1880's slump in world sugar prices was thrown on to the indentured labourers by overtasking them and paying them lower wages. The Agent General in his Report on Indian Immigration for the year 1886 wrote of excessive mortality, imprisonment of physically incapable emigrants and of the "tendency to establish a scale of tasks based on the capabilities of picked workmen and a percentage of prosecutions without parallel in any other country." The concept of 'task' was further made a mockery of, for Gillion notes 'that it was common practice to increase the tasks of those immigrants who finished their tasks early.' Even CSR's General Manager in Australia acknowledged that there could be "no question that the tasks in Fiji are heavier than the West Indies" and that "he could not see any prospect of being able to get more work per day out of the labour than at present." This did not however prevent him from putting even more pressure on his Fiji managers for reductions in cost whose final brunt was felt by the labourers whose wages were reduced.

Role of the Colonial Government: The Immigration Ordinance of 1886

This Immigration Ordinance clearly shows how the Colonial Government complemented and indeed implemented the profit-maximising strategies of CSR. The Ordinance ensured that the indentured labourers could
be prosecuted, fined or imprisoned for 'crimes' such as failure to show ordinary diligence or failure to complete a task, for unlawful absence from work, complaining in bodies of more than five, and a variety of other labour 'offences'. In addition, the magistrate could extend their contract of indenture. For example if an emigrant was classified for a full task (5/6 per week) but actually earned only 3/- per week because he couldn't complete his task, he could if prosecuted and convicted, be fined 2/- and his time extended by three and a half days i.e., two days for the uncompleted task plus one day for the day spent in court. The employer obtained his full task (as determined by him), the labourer was forced to work even longer, and the state coffers gained in the process an amount equal to the excess tasking! The result was that the paid overseers on the plantations of CSR "prosecuted automatically since the Company wanted extensions." Up to 1904, close to 40% of the men and 33% of the women had been prosecuted and by 1912 about 25% had had their time extended.

With the passing of the Immigration Ordinance, the Colonial Government as well as the CSR showed clearly that they were prepared to practise outright deception in order to obtain their supply of labour. The penal sanctions of the Ordinance were not mentioned in the Agreement signed by the labourers in India. Further, when the Government of India in 1912 demanded the attachment of the labour laws to the Agreement signed in India, the employers in Fiji hurriedly requested the Fiji Government to repeal the laws. CSR in 1913 was still objecting to the inclusion of the penal clauses in the Agreement papers signed in India.

Labourers' 'Protection': The Agent General of Immigration

Given that the indentured labourers were largely illiterate, without social or political status, and that they were scattered throughout the Colony, there was clearly possibility of abuse of the system. The only real safeguard for immigrants was through the activities of the Agent General of Immigration. Yet the actions of the Colonial Government ensured that such protection was not forthcoming.

When Agent General Anson attempted to take his work seriously, he found himself being accused by the
employers of being overzealous and the Government cut his inspection vote, even though this was essential to the performance of his duties. The Agent General's reaction provides an illuminating comment on the indenture system: "Inspection will not cease... Labour under indenture, without inspection, is the nearest approach to slavery we can well imagine and is divested of some of the principal advantages offered by the latter conditions of service." When the critic could not be suppressed, the Governor of Fiji amalgamated his post with another and offered him a position outside Fiji. This was declined and Anson went back to England.

His replacement made the same incriminating reports - that labourers generally complained with justice of overwork and short pay and that it was simple a question of the extent of the endurance of the people, but his suggestion that guilty employers be prosecuted met with no action.

The Governor was fully cognisant with the problems. When the Colonial Office had suggested that the tasks should not be imposed without the labourer's consent, he refused saying "I fear though that the present low price of sugar and the stringent economy and the need for getting as much out of the coolie as possible is accountable for much of the trouble under discussion." To maintain the profits of employers, the rights of labourers could clearly be disregarded by the colonial system.

But repression of the labourers could only continue with physical violence and intimidation by the employers' sirdars and overseers. The labourers could not even obtain protection from the legal system. Being mainly illiterate and poverty stricken, they were no match for the employers who could always obtain well qualified people to represent them. The employers' prosecutions against the labourers usually succeeded while the reverse seldom did. That there was corruption in the legal system was also possible: in one instance, the government had to warn the magistrate to inflict more severe sentences on overseers and sirdars who assaulted immigrants. The fact that the officials of the legal system were of the same race and lived in the same community as the employers also meant that the 'coolie' could not expect equal treatment with the employers.
The Role of The Colonial Office

Responsibility for continued atrocities can also be laid at the feet of the officials in Britain. Expressing righteous indignation at the frightful mortality, want of effective supervision, monstrous scale of tasking, high proportion of prosecutions and the small earnings of the labourers, they refused funding for one extra Inspector.46

The Colonial Office further colluded by concealing the damaging facts. Firstly, it refused to allow a visit to Fiji by an official from India on the grounds that this would be inexpedient. Secondly, it kept information from Indian Government circles by not circulating a copy of the despatch that rebuked the Governor of Fiji for the 1894 Immigration Report. This suppression of information also operated in Fiji, with the suppression of the Hunter Report that established the facts on overtasking and short paying. Gillion is of the opinion that in both the above cases, the free circulation of information could have led to the suspension of the indenture system.47

With the survival of the employers and hence the Colony depending on the successful exploitation of the labourers, the British Government without doubt was prepared to sacrifice labourers and their rights. The crucial variable whose minimization the system effected was the incomes of the labourers.

Wages

For CSR in Fiji, the world price for sugar, provided a major constraint on revenue and was largely outside its control. On the cost side, however, the only significant variable within its sphere of management was labour costs. In 1912, labour costs in Australia constituted roughly 70% of total costs of growing and milling sugarcane.48 Clearly the greatest increments to profit for CSR would arise from savings in labour costs. It is crucial therefore to look at CSR's labour costs of Fiji.

On the other hand, when one talks of the welfare of labourers, the single most important factor was their income. It determined the kinds of food they ate, the clothes they wore, the houses they lived in, the kinds of leisure activities they enjoyed and of course their ability to better their standards of living through investing in their own or their children's education.
Before the indentured labourers left India, the agreement they signed stated that for time work, adult males would not receive less than 1/- per day and women not less than 9d per day. The same amount would be paid if work was done by the task system, with the woman's task being three quarter's that of the men. The task was to be what in "ordinary able-bodied adult male Emigrant could do in six hours' steady work." There was no mention that labourers could and were being prosecuted for non-completion of tasks, 'lack of diligence' at work, or even absence from work.

Table 1 shows the average earnings for indentured immigrants for a working day of nine hours, exclusive of stoppages for meals. It indicates roughly the costs for CSR in Fiji for approximately thirty years of indentured labour.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Earning Per Working Day of 9 hours (Pence)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1887</td>
<td>7.28</td>
</tr>
<tr>
<td>1890</td>
<td>9.64</td>
</tr>
<tr>
<td>1901</td>
<td>11.17</td>
</tr>
<tr>
<td>1908</td>
<td>12.85</td>
</tr>
<tr>
<td>1915</td>
<td>12.52</td>
</tr>
<tr>
<td>1919</td>
<td>15.62</td>
</tr>
</tbody>
</table>

Sources: Annual Reports on Indian Immigration published as Legislative Council Papers in the Fiji Royal Gazette.
TABLE 2

<table>
<thead>
<tr>
<th>Sex</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Range</td>
<td>8 d</td>
<td>&gt;12d</td>
</tr>
<tr>
<td>Number</td>
<td>416</td>
<td>265</td>
</tr>
<tr>
<td></td>
<td>33</td>
<td>21</td>
</tr>
</tbody>
</table>


Notes: 1. Figures for one CSR estate (Vucimaca) for which data was given.
2. Figures aggregated from corresponding information on CSR Estates in Report on Indian Immigration for the year 1890.

Quite incredibly, the average earnings per working day for adult males did not reach 1/- until 1908, 28 years after indenture had been in operation. Yet 1/- was the pay under time work in the original agreements set in 1879. Even then this was the average wage and so one can expect half of the labourers to be earning less than that. The average earnings for women did not even reach 9d. Table 2 gives some idea of the distribution of earnings in 1890. Fully a third of the adult males were earning less than 8d per day: 42% of women were earning less than 5d per day.

These earnings must be seen relative to the cost of living. The bare minimum that the white colonials thought was necessary for Indian indentured immigrants to live on was rations that cost from 3/- to 3/6 per week, in 1915. In 1915, the average woman earning 6.54d per day and working the stipulated five and a half days would not earn that minimum. Given
that half the women would be earning less than the average, then if the women were to spend all their earnings on food, half of them would not have a sufficient income for their bare nutritional needs. The official explanation for females' low wages was that it was "possibly due to hard work done immediately before and after exemption on account of pregnancy and child-birth and partly also due to variation in their supervision." Even for the males, given that man need not live by 'rations' alone, that children had also to be looked after and taking into account that the figures for their daily earnings are averages, then a fair proportion of the males also did not earn enough to satisfy their minimum daily requirements.

The inadequacy of the earnings were even commented on in India by the Fiji Emigration Agent, who on seeing the Report on Indian Immigration for 1890 stated that "the wages seem to me to be altogether low, so low that I do not see how the majority of people can thrive." The following section shows that the Agents fears were quite justified.

Effects on Labourers and Labour Conditions

One indicator, if rather extreme, is the mortality rates for the indentured immigrants and their children, as shown by the following tables.

TABLE 3
Mean Death Rates%

<table>
<thead>
<tr>
<th>Year</th>
<th>Adults</th>
<th>Children</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1884</td>
<td>6.64</td>
<td>-</td>
<td>5.00</td>
</tr>
<tr>
<td>1887</td>
<td>1.90</td>
<td>12.53</td>
<td>2.08</td>
</tr>
<tr>
<td>1897</td>
<td>1.04</td>
<td>11.59</td>
<td>2.62</td>
</tr>
<tr>
<td>1910</td>
<td>1.86</td>
<td>15.08</td>
<td>3.78</td>
</tr>
</tbody>
</table>

Sources: Reports on Indian Immigration.
TABLE 4

Percentage of adult immigrants introduced in the following years, who died within five years

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1909</td>
<td>9.06</td>
</tr>
<tr>
<td>1910</td>
<td>7.09</td>
</tr>
<tr>
<td>1911</td>
<td>7.09</td>
</tr>
<tr>
<td>1912</td>
<td>6.12</td>
</tr>
<tr>
<td>1913</td>
<td>8.23</td>
</tr>
<tr>
<td>1914</td>
<td>9.15</td>
</tr>
</tbody>
</table>

Source: Fiji Legislative Council Paper No 39. 1914

TABLE 5

Suicide Rate per Million for period 1902-1912

<table>
<thead>
<tr>
<th>Group</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indentured Immigrants</td>
<td>926</td>
</tr>
<tr>
<td>&quot;Free&quot; Immigrants</td>
<td>147</td>
</tr>
<tr>
<td>Province of Origin of most of immigrants in India</td>
<td>63</td>
</tr>
</tbody>
</table>

Source: Gillion, ibid., p. 79.

The mortality rates, especially as shown by Table 4, imply shocking conditions especially when we realise that the adults, before they were accepted in Fiji had all been passed by health inspectors. Further, 70% of all immigrants were between twenty and thirty
years of age when mortality rates should theoretically be low. One could wonder whether the increase in percentage dying after 1912 (Table 4) and the increased production of sugar after 1912, to take advantage of the high World War I sugar prices (Graph 2) are merely coincidental or were correlated.

Tables 3 and 5 speak for themselves. Official Reports, in trying to explain the abnormally high mortality rates, refused to emphasize the real cause, although the implications were clear. The 1889 Report of the Agent General for Immigration stated that "in many of these cases, want of proper nourishment is probably the primary cause of sickness." However the Report for 1890 states that "the carelessness, indifference and also the debility and a want of proper nourishment of the mother mostly account for the mortality among the children, especially infants." The official reports refused to link the contradictions they articulated. To satisfy their basic human urges, (and to create CSR’s future labour supply) women bore children. For this they were penalized by the profit seekers and given insufficient incomes. When the incomes were found inadequate for the basic nourishment of their children, the deaths of the latter were blamed on the 'carelessness and indifference' of the mothers!

Prosecutions under the Labour Ordinance

Another aspect of the role of the Colonial Government in ensuring profits for capital can be revealed through the workings of the legal system. In addition to suffering the immediate physical consequences of low wages, the immigrants also faced the trauma of being prosecuted, fined and jailed under the Labour Ordinance. The figures from Table 6 show that no insignificant minority committed 'offences', but large parts of the immigrant population. Table 7 shows the 'criminal offences' under which the immigrants were charged. Table 8 shows the extent to which the legal system enabled CSR to force more labour of the immigrants. The legal system of the colony was quite amenable to trumping up criminal categories and treating large parts of the population as 'criminals' if the interests of capital so demanded. In the era concerned, could this also have been done to whites in the British Empire?
### TABLE 6

<table>
<thead>
<tr>
<th>Year</th>
<th>Charges Laid</th>
<th>No Convicted</th>
<th>No Convicted as % of adults on estates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>1889</td>
<td>1427</td>
<td>693</td>
<td>903</td>
</tr>
<tr>
<td>1894</td>
<td>1584</td>
<td>469</td>
<td>1284</td>
</tr>
<tr>
<td>1901</td>
<td>1387</td>
<td>1081</td>
<td>944</td>
</tr>
<tr>
<td>1907</td>
<td>1744</td>
<td>747</td>
<td>1121</td>
</tr>
<tr>
<td>1910</td>
<td>1502</td>
<td>409</td>
<td>950</td>
</tr>
</tbody>
</table>

### TABLE 7

<table>
<thead>
<tr>
<th>Year</th>
<th>Category of Crime</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unlawful Absence</td>
<td>1397</td>
<td>417</td>
<td>243</td>
<td>114</td>
<td>967</td>
<td>341</td>
</tr>
<tr>
<td></td>
<td>Failure to complete 5½ tasks per week or refusal to work</td>
<td>995</td>
<td>300</td>
<td>388</td>
<td>116</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Want of Ordinary diligence</td>
<td>665</td>
<td>282</td>
<td>442</td>
<td>378</td>
<td>129</td>
<td>42</td>
</tr>
<tr>
<td></td>
<td></td>
<td>303</td>
<td>76</td>
<td>479</td>
<td>253</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
TABLE 8

<table>
<thead>
<tr>
<th>Immigrant of Year</th>
<th>% whose time was extended</th>
<th>Average Length of extension (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1896</td>
<td>37.6</td>
<td>37.7</td>
</tr>
<tr>
<td>1899</td>
<td>36.1</td>
<td>48.4</td>
</tr>
<tr>
<td>1902</td>
<td>33.6</td>
<td>61.9</td>
</tr>
<tr>
<td>1904</td>
<td>20.4</td>
<td>110.9</td>
</tr>
</tbody>
</table>

Sources: Reports on Indian Immigration tabled as Fiji Legislative Council Papers.

White Standards of Living

We have seen how whites expected and indeed forced Indentured Indian immigrants to live on an average of less than one shilling per day. It is interesting to see what incomes and standards of living whites expected for themselves.

In 1920, one author who was writing to encourage whites to invest in Fiji, gave approximate costs to be expected by would-be investors. Of importance is his distinction between whites' and non-whites' standards of living. 51

Whites:

Overseers' salaries per year: £200-250 plus residence

Artizans' salaries per year: £450-560
Cost of Living per year: £60-72 plus free milk and vegetables on estates

Cost of European House: £500
Cost of Fijian Hut for European: £50

Non-whites:

Cost of labour per year: £40
Cost of 'Coolie' hut: £12
Cost of Fijian hut: £12
We note that in 1919, while the average indentured Indian earned only £18 per year, the cost of living for whites was seen to be at least £60 per year as a minimum, with free milk and vegetables. What was considered to be reasonable income's and hence standards of living for non-whites was certainly not to be thought of for whites, by the employers. Clearly given that the indenture system lasted so long, the colonial system was also in agreement with employers as to what were reasonable standards for the non-white labourers. To put the official attitudes in Fiji into proper perspective, it is useful to compare official treatment of white workers in the same industry, also dominated by the same CSR, in Australia.

CSR IN AUSTRALIA

To fully understand the role that white racism played in British colonies such as Fiji, both at the level of employers' exploitation of black labour and at the level of institutional government treatment of black labour, it is illuminating to compare the conditions under which CSR was constrained to operate in Australia and the nature of government involvement in the sugar industry there.

Pacific Island Labour and the 'White Australia Policy'

Historically, a dominant preoccupation of White Australians had been the 'hordes' of non-whites to their north in Asia - the so called Yellow Peril. The aboriginals of Australia had almost been exterminated and non-whites actively discouraged from settling in the continent. However, to protect and prevent the Northern territories of Australia from being populated by non-whites, they had to be populated by white Australians. Industries had to be set up and sugar was seen as a viable crop for the tropical North. To clear the land and set up the plantations, Pacific Island labourers (Kanakas) were 'imported' and by 1885 there were thousands working on the sugar plantations. However, fear that too many Kanakas might become entrenched in White Australia led to the Pacific Island Labourers Act of 1885 banning their further entry.

But in the late 1880's, with the sugar industry in a slump, the 1889 Commission of Enquiry was forced to admit that the Australian sugar industry depended
on black labour: "if all coloured labour is withdrawn, extinction of the (sugar) industry will speedily follow." In 1892, therefore, the Act banning entry was repealed.

The fear of the non-whites however eventually implied that those Kanakas already in Australia, had to be ejected. This then led to the passing of an Excise Tariff Act in 1902, designed "to remove the Kanaka and other coloured nationalities engaged in the industry and to place sugar production as a protected industry upon a 'white' basis." In 1905, it was stated that:

"if the ideal of a White Australia is to become an enduring actuality, some means must be discovered of establishing industries within the tropical regions. So long as these regions are unoccupied, they are an invitation to invasion as well as a source of strategic weakness."

Relative to this issue, all others were considered of minor importance. This was the justification for bringing in an Import Duty of £6 per ton of sugar produced by non-white labour (our emphasis). This was clear acknowledgement of the extent to which the cheapness of non-white labour could lower the final price of sugar.

Implication of Excise Duty and Bounty and Import Duty

The Excise Duty charged on Australian-produced sugar was used to pay a bounty to planters who used white labour only. The bounty was acknowledged to be a "recognition of the cost disability imposed by the employment of white instead of coloured labour." The bounty was initially £2 per ton but this was found to be insufficient to meet the difference in cost between white and coloured labour and hence increased to £3 per ton. What is important however is that the bounty is expressed per ton of sugar produced. This therefore completely overrules the usual arguments that white labour was more expensive because it was more productive than black labour. In the above case, their greater productivity, if it ever existed, was still not enough to counteract the greater cost of white labour. Or looked at from another perspective, black labour in Australia, per ton of sugar produced, was being paid £3 less than white labour. This constituted almost a third of the world market price at the time, and cannot be considered a trivial difference.
With the imposition of Import Duty of £6 per ton on sugar produced by white labour, the net protection on white grown sugar became roughly £5.5.0 per ton. This considerable incentive to farmers meant that most of the Pacific Islanders were deported by 1909. One result of the replacement of cheap black labour by more expensive white labour was that the local trade experienced a direct and instantaneous gain because of the larger volume of wage money distributed by the whites. The payment of low wages also meant the lack of encouragement of the surrounding economy - an important implication for the rural Fiji economy. Of further interest to us is that in 1912, the Managing Director of CSR, in giving evidence to the 1912 Commission of Enquiry, stated that the sugar imported from Fiji (and Java) in the five years up to 1910, after payment of import duty, cost CSR £0.1.8 per ton LESS than its Australian purchases. This implies that even if one ignores the cost of freight and insurance in transporting Fiji sugar to Australia, Fiji sugar cost at least £5/6/8 per ton less to produce than Australian sugar. With CSR buying Australian sugar at roughly between £10 and £11, this puts the cost of Fiji sugar at about £5 per ton. It is important to verify that the most important factor which leads to this cost differential is probably the difference in wages.

Wage Differentials

In Australia, labour costs constituted roughly 75% of growing costs and about 50% of milling costs. Since the raw sugar proceeds were divided in proportion giving 70% to growers and 30% to millers, overall, labour costs were 68% of total costs. (75% of 70 + 50% of 30).

We can very roughly compare wages paid in Fiji to those paid in Australia (Table 9). Although the Australian figures are given in Australian pounds and the Fiji figures in Sterling, the differences are nevertheless huge enough to make exchange differences relatively insignificant.

In 1912, with Fiji labour costs about 15% of Australian levels, the saving of 85% on labour would eventually imply a saving of about 58% on total costs (85% of 68%) and with a price of about £10 per ton of sugar, this saving would come to about £5.16.0 per ton, due to labour cost differences alone, ceteris paribus. This figure is fairly close to the £5.6.8 difference supplied by CSR’s Managing Director to the 1912 Commission.
Table 9

<table>
<thead>
<tr>
<th>Australia (A£)</th>
<th>Weekly Wage (50 hrs)</th>
<th>Rations</th>
<th>Total Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901: White Field workers</td>
<td>£1/4/7½</td>
<td>£0/10/9</td>
<td>£1/15/4½</td>
</tr>
<tr>
<td>1912: White Field workers</td>
<td>£1/7/6 to £1/10/0</td>
<td></td>
<td>£1/18/3 to £2/0/9</td>
</tr>
<tr>
<td>Recommendation of 1912 Commission</td>
<td></td>
<td></td>
<td>£2/10/0</td>
</tr>
<tr>
<td>Fiji (Stg)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1901: Indian Indentured Immigrants Average Male</td>
<td>£0/5/1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1912: &quot;</td>
<td>&quot;</td>
<td></td>
<td>£0/5/7</td>
</tr>
<tr>
<td>1919: &quot;</td>
<td>&quot;</td>
<td></td>
<td>£0/7/2</td>
</tr>
</tbody>
</table>

Commission of Enquiry, indicating the general validity of the above explanation: CSR in Fiji was producing sugar at about a half of what it cost in Australia and the difference was probably almost entirely due to the difference in wages paid to White Australian labour and indentured immigrant labour in Fiji.

Australian Determination of 'Decent' Wages

In 1912 Commission of Enquiry, in looking at the labour conditions prevalent in the sugar industry in Australia had noted that though the efficiency of labour in the mills and fields was not of a high order, the wages (of about £1/10/0 per week) were still inadequate. It firmly stated that:
"the rate of wages make the standard of living, and your Commissioners believe that it is now the accepted policy of Australia that there shall be, if possible, in every industry, a minimum wage sufficient to enable a standard of living to be maintained as will meet the needs of Australian citizenship for the ordinary comfort and decencies of civilized life... the living wage shall be at least eight shillings for an eight hour day."64

This can be contrasted to the one shilling a day paid by CSR to its labourers in Fiji.

Even in Australia, CSR tried to get away with paying lower wages where it could. The 1912 Commission noted that in NSW where CSR had no competitor employers, it paid 20/- per week plus lodging and in Queensland where it did have competitors, it paid 27/6 per week with lodging. CSR's General Manager's comment was that there could not be the least doubt that the wages were: "fair because there was not any difficulty in securing men to run the mills."65 He admitted that his standard of fairness was based on supply and demand! The Australian Commission of Enquiry did not think much of his standard.

FINANCIAL SUCCESS FOR CSR 1914-1923

We have seen that from 1880 to 1920 wages - the major component of CSR's costs, were extremely low in Fiji compared with Australian levels. We conjecture that the cost of producing sugar in Fiji was probably little over £5 per ton.

A look at the world prices prevailing for sugar reveals that the price seldom came below £10 per ton right up to 1930, giving CSR in Fiji a profit margin of roughly £5 per ton (Graph 1). In 1910, with the price of sugar well over £12 per ton and CSR production over forty thousand tons, its profits from Fiji would have been two hundred thousand pounds. Yet CSR's entire profits in Fiji and Australia for 1910 were given as £276,469 only.66 An extremely large part of CSR's entire profits must, therefore, have been coming from its Fiji operations in this period.
This is implicitly confirmed by CSR's refusal to reveal its operating figures for its Fiji and New Zealand operations to the Australian 1912 Commission of Enquiry. CSR fought and won its case for not revealing the figures right up to the Privy Council in London. New Zealand only had one refinery which would not have revealed much to the Commission of Enquiry. The revelation of the huge profits in Fiji could however have encouraged competitors to set up in Fiji, to the detriment of CSR.

This would also explain an odd feature in CSR's development in Australia and Fiji. In a time of general depression in the sugar industry in Australia and the world, CSR was merrily expanding. Between 1885 and 1903 CSR built or purchased five mills and one refinery.67 It is likely that the Fiji operations of CSR financed more than a proportionate share of this expansion. While CSR was probably making exceptionally good profits up to World War I, during and after World War I it made what could only be called superprofits.

CSR's Super-profits in Fiji

With the coming of World War I, sugar prices rose each year from about £10 per ton in 1913 to £54 per ton in 1920 with peaks of much more. "In 1920 prices exceeding £120 were paid."68 Clearly huge profits were possible and CSR showed financial astuteness in the manner in which it took those out of Fiji.

During this period, CSR turned the business in Fiji and New Zealand into a kind of subsidiary company whose shareholders received their profits directly. Practically all the issued capital in the subsidiary was in the form of 6% Preference shares issued free to CSR shareholders. The company started with assets of £3,500,000 from the parent company, including the New Zealand refinery, paid low dividends during the entire period, and terminated its separate existence in 1923 when it seemed the boom was wearing off.69

- paid off the individual Preference shareholders with a premium of £203,000
- repaid the ordinary capital to the parent company
- paid the shareholders of the parent company cash of £325,000
- paid £650,000 to the parent company on shareholders' behalf to increase the value of their shares by 25%.
- gave the shareholders of CSR another share issue of £1,625,000 (one for two) as the counter-part of the assets received back from the subsidiary.

Altogether, CSR's shareholders received probably more than £5.7 million in cash and shares in the nine year period. This sum can be contrasted with the value of the Fiji assets taken back into the parent company: £1,139,000; the value of the share capital paid up in the parent company in 1923: £2,600,000; and all of CSR's share capital in 1924: £4,875,000.

It is possible to obtain a rough idea of the kind of profits that CSR would have been capable of making if it had sold its Fiji sugar on the world market instead of subsidising New Zealand consumers or its own refineries in Australia.

We simply look at the world price for sugar, the amount by which this exceeds the probable cost to CSR of producing a ton of sugar, and the total quantity of sugar produced by CSR in Fiji. While the world price of sugar is the average over the year, one should remember that higher prices as well as lower would have been received by CSR, hence probably averaging our errors out.

We have seen before that CSR's Fiji sugar cost it about £5 per ton to produce. By 1938, this may have risen to about £10.70. Over the period 1914 to 1923, the cost of producing the sugar would on the average have been between £5 and £10. If we assume the upper limit of £10 and hence also incorporate into that some reasonable profit for CSR, any excess over £10 in the world price would represent, on the average, the amount of superprofit per ton of sugar for CSR. When this excess is multiplied by CSR's output of sugar, we derive a rough estimate of the amount of superprofit CSR was potentially capable of making.

Over the ten year period 1914-1923, this total comes to more than £13 million pounds, and this would be above the normal profits already allowed for. This huge sum can be compared to the total profits made by the parent CSR company in Australia (excluding the NZ and Fiji operations) - a mere £3.7 million over
the same period. CSR's own historians were not exaggerating when they stated that:

"In Fiji during the 1914-1924 period, CSR enjoyed the most spectacular monetary success in its history... The mills in Fiji obtained the benefit of the rise in the market and a lot of money was made."

In fact they made so much money that they very generously supplied

"New Zealand from Fiji with raw sugar at a price substantially lower than the company could have obtained had it sold the Fiji raws elsewhere"

and that

"New Zealand consumers received the benefit and the company was thanked by the New Zealand Government."

To put these profits into proper perspective, we should remember that for much of this period, CSR was fighting to retain the indenture system with its starvation wages, atrocious living conditions and general poverty of its Fiji labourers.

Possibility of Transfer Pricing

We have seen how CSR might have made up to £13 million if it had sold Fiji's sugar at world market prices. Its historians showed transfers only about a half of that. Some of the difference may be explained by the implicit subsidies given to the New Zealand consumers by selling at below the free market price, and it is also possible that some of the value may have been transferred to its Australian operations by selling at lower prices to its refineries.

The possibility of transfer pricing is indicated from data revealed by CSR to the 1912 Commission of Enquiry in Australia. CSR presented a table giving the cost to its Australian refineries of obtaining sugar from Fiji, for the years 1906 to 1910. Table 10 presents these costs as well as the world price for sugar converted to Australian currency.
It seems that for all these years, CSR in Fiji was selling its sugar to the parent refineries at much less than the world market price. In the years 1908 to 1910, the difference would have been of the order of four pounds per ton of sugar which would have almost doubled the return to the Fiji mills if the sugar had been sold at world market prices. The net effect of any transfer pricing reduced the surplus available for distribution in Fiji and increased it in Australia. The returns to farmers and workers in Fiji would have been constrained even further.

The end of the Indenture System

It is illuminating to see how the interested parties were to behave when the system of indentured labour was threatened. The reactions of different groups clearly indicate whose interests would have been jeopardized were the system of a cheap labour to end.

With the coming of the war in 1914, the Government of India suspended immigration because German raiders had been sinking ships in the area. Despite the possible danger of life, CSR's General Manager in London offered to find ships to continue the indenture, while his colleague in India tried to get the ban lifted. In Fiji, CSR asked the Fiji Government and the Planters' Association to protest that non-resumption of indentured labour would be a crushing blow to the colony!

The Fiji Government obligingly sent an unofficial mission to India to try to induce further emigration. Planters' Associations, Chambers of Commerce and the
the Suva Municipal Council all raised their voices in sympathy with CSR. Even the Methodist Church implicitly sided with those who wanted the indenture system to continue by disassociating itself from an article criticising the Indenture System. The worth of the labourers was being overtly acknowledged with the usual hypocrisy of the times, as is clear from the statement in Legislative Council by an important trader:

"We should try and get new population out here; in addition to this, it is essential we retain the East Indians already settled in the Colony...to retain people who are such big assets to the colony today...and therefore we should do everything we can to raise the status of the people so as to make them better citizens." 

However the status of indentured labourers was not being seen in terms of wages. In 1917, when London had suggested a compromise scheme to enable resumption of immigration, CSR rejected it because it would have meant that the cost of labour to them would have been doubled. This would have meant that the wages of adult indentured labourers would have risen to eleven shillings per week. By contrast, in Australia in 1912, CSR was paying its white employees forty shillings a week.

CSR tried to offer bonuses of £10 if free labourers would reindenture but there were few takers. Eventually CSR resorted to the policy of not hiring labourers unless they did reindenture. Many were forced to do so while others moved to non-CSR areas which were few and far between.

In India, opposition to the indenture system was being fueled by persistent fighters such as Manilal, Totaram Sanadhaya (a returned immigrant), Andrews, Pearson and others. Moreover, prominent Indian Nationalists were becoming interested in the cause and using it as a rallying point for organising resistance to the British Raj. The British India Government became alarmed:

"no matter how great might be the economic advantages, the political aspects of the question is such that no one who has at heart the interests of British rule in India can afford to neglect it. It is one
of the most prominent subjects of Indian political life today and its discussion arouses more bitterness perhaps than of any other outstanding question."

The interests of imperialist capital in India was working against the interest of capital in Fiji and the more important won out. The Government of India eventually decided against the continuation of the indenture system and all indentures in Fiji were cancelled on 1 January 1920.

With the supply of new labour cut off, it might have been thought that CSR would have been forced to give in to pressure and raise wages to at least the levels recommended by the British Government - double the old levels. This CSR did not wish to do, and did not do. Given the profit maximising nature of capital, they sought for a more profitable alternative. This was provided by the introduction of the 'small farmer' system.

SMALL FARMER SYSTEM: A NEW SYSTEM OF EXPLOITATION

The introduction of the small farming system in Fiji has been hailed by many writers as a bold and pioneering experiment of great credit to CSR. The evidence and the implications of this and following chapters presents a different perspective on the 'experiment' of allowing ex-indentured labourers to become so-called free farmers.

For a start, it was not a pioneering experiment for CSR. As early as the 1870's and 1890's, CSR had cut up its plantations in NSW and Queensland into small farms and had found the scheme successful. CSR knew that the Indian immigrants in Fiji could do the same. Firstly, CSR's officers had observed that indentured immigrants in Mauritius and other colonies had successfully become independent farmers. CSR was well informed of conditions in the other colonies where the indenture system had operated for much longer. Secondly, even during indenture, there were many ex-indentured labourers who had taken up cane farming to sell to the mills. There clearly were advantages accruing to CSR out of the small farmer system.
CSR was well aware of the benefits of such a system, and had suggested it for Fiji as early as 1891: "by doing this, we divide our risk with others, reduce the quantity of capital we have to invest, and settle a population on the land who would always be available for work in and about the mill and on the plantations." Let us analyse these and the other factors in greater depth.

Saving of Working Capital for CSR and Reduction of Risk

For CSR in Australia, fully 70% of the value or roughly the cost of the raw sugar, derived from the growing and harvesting of cane, i.e., the pre-milling operations. If CSR were to grow its own cane, it would have to outlay the full cost of growing cane, that is, have roughly 70% of the sugar value tied up in working capital before it was reimbursed from the sugar sales. If farmers grew cane and were not paid until the sugar was all milled and perhaps sold, this meant that CSR had a huge saving on working capital that could be invested elsewhere.

Of course this implied that the farmers themselves would be financing the growing of the sugar cane. All their living expenses, their costs of cultivation, etc., had to be paid out of their own pockets. The farmers, however, were far from being wealthy and the inevitable result was that most went into crippling debt to shopkeepers and moneylenders. Their debt was almost as great as the earnings they could expect. CSR had neatly transferred its own debts to the small farmers.

The second major benefit that CSR gained was the removal of one major risk from the operations. Given the nature of the crop and its vulnerability to drought, hurricanes, etc., CSR completely removed the risk of outlaying capital on growing cane the benefits of which might not be realised because of natural disaster. CSR only paid out money for cane when the cane was delivered into the mill. The farmer bore all the risks involved, at no possible loss to CSR.

Unpaid Labour On Farms

In Australia, it had been stated to a Commission of Enquiry that mills could buy cane cheaper from growers than if they grew it themselves. As an Australian farmer stated: "the growers generally cannot allow
themselves or their families the same rate of wages as the miller has to pay his workers, thus the miller under existing conditions is getting the farmer to work himself and his family for his (miller's) benefit."\textsuperscript{82} It was certainly no different in Fiji, where the wives and children of the farmers pitched in to work the farm. They were not paid wages but were sustained from the income of the farmer. The farmer's income therefore represented the labour of his whole family and not just one adult.

CSR even attempted to make formal use of the farmers' labour without paying them. Sharma quotes that in 1927,

"the Company instructed its field officers to send two to four farmers from each of the gangs in their sectors, to work the mills."\textsuperscript{85}

This practice was quite prevalent until the farmers' unions put a stop to it. Similarly, without pay, farmers were expected to keep the tram lines cleared and even to harvest the cane that was being grown on the few estates still being run by CSR in 1927.

\textbf{CSR as Monopsonist}

While CSR was not strictly speaking the only miller of cane until 1926 when it bought out the Penang Sugar Mill, nevertheless it milled by far the most of the cane grown in Fiji. In any case, in nearly all the cane areas, farmers effectively had only one mill to take their cane to because of the perishability of the cane and prohibitive transport costs to alternative mills. CSR was a monopsonist, the sole buyer for the farmers' cane, able to determine to a large extent the prices it wished to pay.

With the cost of cane being the major cost involved in milling sugar, CSR had a variable cost which it could control to some extent. One implication of this was that if in any year the raw sugar price were to decline to a level considered unsatisfactory by CSR, the company could protect its profits by reducing its costs through a lowering of the price for cane paid to the farmers. Thus the burden of the low price for sugar would be transferred to the farmers rather than to the company.
Preference for Non-White Farmers rather than White Planters

Some of the implications of the small farmer system are very clearly illustrated by an analysis of the events concerning the demise of the white planters who were involved in cane farming in Fiji in the earlier years.

In the early 1900's, CSR had cut up some of its own plantations into 600 to 1000 acre farms and leased these to white planters who usually came from CSR itself - former overseers and employees. These planters employed from 60 to 100 indentured labourers in turn and thus helped remove the stigma from CSR of being the sole beneficiary of indentured labour; other parties were thus seen to be benefiting from the indenture system and therefore gave greater political weight for the calls for retention of the indenture system.

These planters sold their cane to CSR. To ensure reasonable incomes to these white farmers, the company had to pay commensurately higher prices. This meant that the profits of CSR would be correspondingly lower. These white planters were therefore appropriating surplus that could possibly have been taken by CSR itself. We therefore find that as early as 1903:

"There was unrest among planters who believed that the CSR Company intended to replace the European planter with the small Indian farmer who could accept a lower price for cane and some wanted a law passed to forbid the Indians to produce except as paid labour."84

Twenty years later, when CSR no longer had need of their political support, as was the case in the period immediately after Cession, it squeezed the planters out with low cane prices on the revenue side and labour bottlenecks on the production side: CSR was one of the objectors to the Immigration Fund which might have brought out new immigrant labourers for the white planters who were completely dependent on such labour.

The crucial point is the implicit racism which assumed that white planters could not be forced to accept, or could not be expected to accept, low prices for cane but that Indian farmers would. This racist
attitude permeated Government thinking as well:

"...the price offered by the company (CSR) though not sufficient to enable European planters to produce sugar cane at a profit is sufficiently high to enable Indian farmers to extract a good livelihood from the cultivation of cane and the company has thus been able to maintain its normal level of output of manufactured sugar."85

Given that Indian farmers are no different from other farmers, they would want the highest standard of living they could achieve, as the struggles with CSR over the century were to clearly make evident. The real implication then is that Indian farmers could be forced to accept the lower prices for cane while European planters could not be so treated.

There were probably several factors which would have induced the immigrants to accept the scheme while Europeans would not. Firstly, because of their extreme poverty, they would have had no resources to fall back on and hence took whatever was offered in the end. Secondly, there may have been the hope that they might become independent farmers with land of their own as opposed to being labourers to others. Lastly, there were few other opportunities for employment and they were at least familiar with the commercial cultivation of sugar cane.

The Creation of a Potential Labour Supply

We noted earlier that CSR expected the small farmer system would create a ready supply of labour for the mills and plantations. How was this to be achieved? The crucial factor was the size of the farm itself.

While one would have expected economies of scale to be achieved from larger farms as CSR itself used for its own plantations, this was not intended for the Indian farmers. In Australia, the usual size of cane farms was above twenty acres, yet in Fiji, CSR cut up the farms into ten acre lots or less. The reason that was given for the smallness of the farms was that this was the limit that the farmer could cultivate on his own. The fact that there were many free immigrants who were cultivating much greater areas than this was conveniently ignored. However there were many good reasons why small farms were beneficial to CSR's interest.
Firstly, in less than one generation, there would probably be more than one adult male and his family on each ten acre farm. With little hope of all the families deriving their income from the farm, some adults would inevitably spill over into a labour supply for the mills. Secondly, the smallness of the farms meant that the farmer would be induced to plant all the land with cane to obtain a decent income. This ensured a predictable supply for CSR, as well as maximum output from CSR lands. Thirdly, small farms meant many poor farmers who could not acquire the wealth that might make them dangerous social or political forces. In addition, having large numbers of small farmers as opposed to a smaller number of larger farmers, ensured that there was less likelihood of any unity and organisation developing among farmers that might pose a countervailing threat to CSR's monopsony position.

The Tenant Farmers

Once CSR had decided to switch to the small farm system, it did so extremely rapidly. Not only did it turn over most of its own estates to tenant farmers but also began to purchase equivalent amounts of cane from other farmers, called contractors, who leased their land from others or used their own lands (see Table 11). It can be noted that there were significant numbers of contractors who cultivated large farms without difficulty (see Table 12).

<table>
<thead>
<tr>
<th>Year</th>
<th>CSR</th>
<th>European Planters</th>
<th>Tenants</th>
<th>Contractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1925</td>
<td>33,679</td>
<td>4,446</td>
<td>6,905</td>
<td>19,933</td>
</tr>
<tr>
<td>1931</td>
<td>12,610</td>
<td>1,133</td>
<td>34,300</td>
<td>30,330</td>
</tr>
<tr>
<td>1941</td>
<td>3,153</td>
<td>161</td>
<td>46,521</td>
<td>42,793</td>
</tr>
</tbody>
</table>
To see the real role of the small farmers and the tenant farmers in particular, in CSR's scheme of things, to see the degree of independence or freedom of the small farmers, to see whether the ex-indentured labourers were in any better position economically, it is useful to analyse the Tenancy Agreement the tenant farmers had to sign with CSR.

First of all, the tenants had to pay in advance any rates and taxes payable on the land as well as a rent of £10 per year (Clauses 2, 6). In 1941, this would have meant an income of more than £40,000 for CSR. Not only was CSR saving on working capital, but also acquiring a rental income now which it had not been receiving before. The rent of £10 per year can be compared to the tenant farmers' gross income in 1938 of £95.

The tenant was forbidden to give liens on his crop to any but CSR (Clause 6). Amazingly, while the tenant rented the land, used his own labour and paid for all other inputs into the crop, yet he was not free to 'own' the crop, to give lien on it to whom he pleased. The tenant bore all the costs of the crop yet CSR had the ultimate power of disposal.

CSR gave detailed instructions to the tenant as to how the land was to be used. The tenancy would be terminated if the tenant used the land in a manner not approved by CSR, for instance if he grew other crops. In any case, CSR reserved the right to terminate the
the tenancy by giving one year's notice or without notice

"in the event of legislation being passed limiting its freedom of action in the manner of buying crops to be grown on the said land or otherwise affecting the conditions under which it carries on its operation...." (Clause 1)

This clause quite clearly implies the threat to Government, if it interfered, of the prospect of largescale disruption to society posed by some 4000 dispossessed tenant farmers and their families. It completely denied to tenants any rights whatsoever should a third party such as the government, initiate legislation considered unsatisfactory by CSR. CSR could then terminate the tenancy with out notice.

Lastly, lest there be any doubts as to the tenants' relationships to the land or degree of permanent security he could expect from the farm, the agreement warned that no compensation would be paid for any improvement carried out on the land but that he would be free (if CSR were satisfied with his tenure) to remove any buildings he had erected within fourteen days of the expiry or termination of his tenancy (Clause 17). The tenants bore all the responsibilities and costs of being farmers without any of the advantages normally associated with free farmers.

Given the conditions under which the small owners were to operate, it is clear that the rules of the game were biased against the farmers even before the game began. Farmers in name only, they were still the labourers but with many more disadvantages that they had not had before. Having nominally got out of one system of repression, they were moulded for the next stage of exploitation.

SYSTEM OF EXTRACTING SURPLUS FROM FARMERS

With the price of raw sugar and CSR's receipts determined outside CSR's influence, its profits now depended on the price it paid for cane, and on the wages it paid in its mills. In such a situation, one could either guarantee minimum cane prices to the
farmers or costs to CSR but not both, unless a third party was prepared to subsidise either CSR or the farmers in years of adverse prices for raw sugar. In many countries the system eventually agreed on was simple sharing of raw sugar proceeds in fixed proportion between the millers and the farmers, with both parties gaining from the good years or bearing the burdens of the bad years equally. In Australia, the proportions decided on were 70% to the farmers and 30% to the millers. In Jamaica, the farmers were to receive 67% by 1957. In Fiji the proportions showed great variation over the years as different systems were put into operation. In so far as we expect the gains and losses to be shared equally by both CSR and the farmers, then the percentage of sugar receipts the farmers received can be interpreted as the degree to which they were or were not receiving their fair share of the proceeds. While this may seem to be difficult to establish, comparisons with other countries may prove useful.

Before 1923

Prior to 1923, growers were paid 11/3d per ton of cane of quality 14 P.O.C.S. (i.e., quality of cane that required 7.1 tons of cane to make 1 ton of sugar) whatever the price of sugar CSR was receiving. It was claimed that: "the object of the company (was) to provide the growers with a stabilized price." If, however, we look at the world price for sugar and calculate what percentage of the sugar value accrued to CSR, we can see how it was in CSR's interest to give growers a 'stabilized price'.

At 11/3d per ton of cane or £3/19/10 per ton of sugar (assuming 7.1 tons of cane per ton of sugar), the farmers' share of the proceeds of the sugar derived from their cane ranged from a maximum of about 40%, to less than 8% when sugar prices were peaking. In other words, when sugar prices were high, the 11/3d per ton of cane the farmers received could work out to be as little as 8% of what the CSR received for the sugar on the world market. Clearly not only were CSR's indentured labourers being exploited but so also were the farmers CSR bought cane from.

1923-1939: The Unequal Division of the Imperial Preference

From 1923, Britain began to give a premium of £4/15/0 above the world price per ton of sugar.
This was of course ultimately paid for by the general public in Fiji which had to give trade preferences for British goods thus making goods from other countries relatively dearer. CSR shared this Imperial Preference with the farmers by adding a 'bonus' of 3/6 per ton of cane as long as the preference was maintained.

Out of a total of £4/15/0 per ton of sugar, a mere £1/4/10 would accrue to the farmers. Fully 74% of the Imperial Preference (the costs of which were paid by the Fiji public) was appropriated by CSR. The remaining 26% was shared by the thousands of farmers.

In 1930, the Preference was reduced to £3/15/0 per ton but the remainder was stabilized as the Fiji Special Preference Certificates worth £196,763. This special preference was fixed whatever the output and hence would decline per ton of sugar if output were to increase. The purpose of the preference was to act as a deterrent to the British colonies who may have increased their output beyond levels desired by Britain.

With the bonus per ton of cane still at 3/6, the growers were now receiving 33% of the preference and they claimed that CSR was pocketing the entire Special Preference Certificate. In 1938, for instance, out of a total preferences of roughly £710,677, CSR kept 76% while thousands of peasant farmers shared 24%.

In 1938 with an output of 137,049 tons of sugar and the Fiji value per ton of sugar at £10/9/5 the farmers' total cane receipts of £711,936 represented 49% of the total raw sugar value. CSR did not include the value of molasses or bagasse (waste cane fibre) in the total value to be shared. Compared with mills in Jamaica and Australia, CSR in Fiji had a superprofit margin of about 15% of the gross sugar sales.

The 1940 Agreement

This agreement saw the price of cane for the first time becoming dependent on the price received for sugar although in a manner that reduced the farmers' share.

When the price of sugar was £11 or less, the growers were to receive 14/9d per ton of cane of quality 14 P.O.C.S. This price included the bonus from the Imperial Preference, so the basic price remained the same as before. The farmers therefore received £5/4/8 for the cane that resulted in a ton of sugar worth £11.
(assuming 7.1 tons of cane per ton of sugar), or 48% of the sugar value. However, for every pound increase in the price received for sugar, the farmers were to reduce 1/3d per ton of cane. This represented 8/10d in the pound or only 44% of the increased earnings.

We therefore find that in 1942 with the value received per ton of sugar up at £14/19/597, sugar output at 139,560 tons and farmers' receipts for their cane at £959,71498, the farmers' share of the overall sugar receipts fell to 45%. With the given formula for the price of cane, the higher the price rose, the closer would the farmers' share come to 44%, assuming the same tonnage of cane per ton of sugar.

CSR was however still not crediting the value of molasses or bagasse to the receipts to share with the farmers. It simply shipped the molasses to Australia where it had distilleries producing rum, industrial alcohol and liquid carbon dioxide. CSR also had a controlling interest in a solvent factory manufacturing acetone and butyl alcohol from molasses. From bagasse, CSR was also manufacturing insulating cane-ite board.99 None of the earnings from these by-products of cane came to the farmers.

That the molasses and its by-products were probably substantial income earners can be gathered from Jamaica's experience where with more than a dozen millers producing 155,262 tons of sugar, and many distilleries operating, the profit from rum alone was £1/10/4 per ton of sugar.100

The 1943 Commission of Enquiry and the Shephard Enquiry of 1944-45

By the middle of the war, when inflation had hit the Colony, the farmers, who had by now organised themselves into unions, appealed to CSR to increase the price of cane correspondingly. CSR, after delaying for three months, refused. The government when appealed to, did the same after another month. In frustration the farmers went on strike.

Eventually, a Government Commission of Enquiry sat, closed for 'lack of evidence', resat, and decided that the price of cane had kept pace with the cost of living and recommended no change in the price of cane. The farmers' organisations all rejected the Commission's findings.
Eventually, an independent Inquiry was instituted under Dr Shephard. He observed that the cost of living for Indian labourers had been calculated to have increased by 115% between 1939 and 1943. His Report contained a table of cane prices which showed that the average price of cane rose by only 50% in roughly the same period. He noted and quantified the degree of indebtedness among the farmers and their need for financing but attributed the indebtedness to the tendency for Indians to "enhance their prestige by heavy expenditure on social and religious ceremonies." 

In the end he recommended that there be no change in the method of calculating cane prices except that molasses be regarded as a by-product and its value be included for sharing with the farmers. Although the farmers' real income had clearly declined, the cane price formula was not to be changed. This situation continued up until 1960.

The Crisis in 1960 and the Eve Commission Formula

The farmers and CSR were again in dispute with CSR now wanting to reduce the price of cane, claiming that its share of the proceeds was inadequate but not that its return on capital was inadequate. The Eve Commission was appointed to enquire into the conflict. Like other Commissions before it, it made many judgments and recommendations, some of which we shall analyse later. With respect to the sharing of the sugar proceeds, it came up with a remarkable formula which even CSR would not have disagreed with.

The farmers organisations had asked for a share of the proceeds ranging from 64% to 66%. The Eve Commission devised a formula which nominally gave the farmers 57% but was ingeniously biased in CSR's favour. The formula provided that before the growers saw a cent of the sugar proceeds, the first deduction was all of CSR's expenses. What was left was then shared between CSR and the growers in the proportion 17½% to the millers and 82½% to the growers. The formula also claimed to have built into it an incentive for CSR to economise on costs.

The Commission showed either unbelievable naivete or deliberate simplicity in analysing some of CSR's financial behaviour. In 1957, CSR had revalued its assets from £5,548,364 to £11,269,526 although it had not done the same for its Australian assets. The
Commission then, while stating that CSR should not be charging 4% of its revalued assets as depreciation charges, professed ignorance as to why CSR should have revalued its assets. It did not seem to strike it that by simply revaluing by that amount, CSR was able to increase its depreciation charges and hence reduce its apparent profits by £228,000. This was in addition to the fact that 4% was considered to be too high a figure to be charged for depreciation for sugar mills which were closed for half the year, when they could be repaired and brought up to condition. Eve himself used the figure of 3%. Further comment can be left to the Denning Commission of Inquiry whose findings we shall discuss later. For the moment however, it is interesting to see how profits can be hidden from view by simple accounting measures as depreciation and revaluation of assets.

The Cover-up of CSR's Profitability

In all the disputes with farmers over the price of cane, CSR invariably claimed lack of profitability or inadequacy of its share. We have seen that there were some periods, before 1923 for instance, when it could not possibly claim that. It is however interesting to analyse those years when Commissions of Inquiry supported their claims. Even the little information on which our analysis is based is quite revealing.

The first published figures came from Shephard's Report and show profit and loss figures annually from the years 1935 to 1943 and in the aggregate for the years 1930-34. Our tables will ignore the figures for 1943 since this was an abnormal year with a strike lowering production quite drastically. Generally Shephard's tables for the years show low rates of profit with an aggregate loss over the years 1930-34. The picture however becomes quite different if we make some necessary adjustments to the table.

Firstly, we should note that the profit figures in Shephard's Table are given after depreciation of four percent was charged. Moreover, this was on CSR's assets as valued by the company. Yet Shephard had quite clearly stated in his Report:

"I am of the opinion that the amounts allowed by the company for depreciation are excessive and that its capital is overvalued."
Shephard himself used a depreciation figure that implicitly represented a rate of 1.83% on the revalued assets as valued by the company. If, therefore, we rework Shephard's Table 26 and add on the excess depreciation charges that Shephard had not allowed for in his Table, a completely different picture emerges (see Table 13).

### TABLE 13

<table>
<thead>
<tr>
<th>Year</th>
<th>Value of sugar per ton (£/s/d)</th>
<th>Profit claimed (£000)</th>
<th>Excess Depreciation (£000)</th>
<th>Estimated profit adjusted (£000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930-34</td>
<td>10/1/6</td>
<td>(298)</td>
<td>527</td>
<td>229</td>
</tr>
<tr>
<td>1935</td>
<td>10/0/6</td>
<td>45</td>
<td>110</td>
<td>155</td>
</tr>
<tr>
<td>1936</td>
<td>9/15/6</td>
<td>55</td>
<td>113</td>
<td>168</td>
</tr>
<tr>
<td>1937</td>
<td>10/10/10</td>
<td>105</td>
<td>118</td>
<td>224</td>
</tr>
<tr>
<td>1938</td>
<td>10/9/6</td>
<td>24</td>
<td>120</td>
<td>144</td>
</tr>
<tr>
<td>1939</td>
<td>12/14/10</td>
<td>172</td>
<td>123</td>
<td>295</td>
</tr>
<tr>
<td>1940</td>
<td>14/7/11</td>
<td>233</td>
<td>127</td>
<td>360</td>
</tr>
<tr>
<td>1942</td>
<td>14/19/5</td>
<td>289</td>
<td>130</td>
<td>419</td>
</tr>
</tbody>
</table>

We find that if we allow for the fact that there were excess depreciation charges on overvalued assets, then for the period 1930 to 1942 (excluding 1941), CSR would have made gross profits of roughly two million pounds. If we exclude the years 1930-34, we have profits of £1.7 million in seven years on assets overvalued at £5 million. These profits become even more remarkable when we note from Graph 1 that the years 1930 to 1940 showed the lowest world market prices for sugar for the entire period of CSR's operations in Fiji. This still meant that when the Imperial preference was added to the world market price, the value received by CSR came to roughly ten pounds per ton or more, and CSR managed to show reasonable profits. However apart from these years, the world price for sugar seldom came below ten pounds per ton and after 1940 showed a steady upward rise until it peaked at more than fifty pounds per ton in 1951 (Graph 1). During these other years, CSR could not have but been making above normal profits.
Some idea of the kinds of profits come from the information revealed by Denning's Commission of Inquiry, which tried to unravel some of the financial transactions which led to CSR forming its Fiji subsidiary, South Pacific Sugar Mills Ltd. (SPSM), as had been recommended by the Eve Commission. In the transactions, all the sugar milling activities of CSR were sold to SPSM for £10 million of which £3 million was in short term debentures and £7 million in shares to CSR. A further £2.5 million of bonus shares were issued to CSR by SPSM and then £1.25 million of the watered down shares were offered to the Fiji public who took up less than a fifth of them. CSR therefore still held 98% of SPSM's shares. As Denning commented on the transfer:

"I think that CSR did it all on terms that were advantageous to them. They showed much financial expertise. They certainly took out nearly £3 million in cash. They certainly issued bonus shares which lifted the stated dividend of 7½% to nearer 10% on their original shares."

We have conjectured before that under the Eve Commission formula, CSR stood to have a very profitable time. We can see some evidence for this in the profit for only fifteen months ended March 1964 as revealed by Denning; this came to the sum of £1,551,155. We can compare this with CSR's total profits for Australia and Fiji of only £A1,575,000 in 1955. Remembering that CSR's Fiji assets were only a tenth of its total assets in Australia and Fiji, clearly a substantial part of CSR's profits was being made in Fiji, totally out of proportion to the amounts invested in Fiji. The farmers and labourers in Fiji, out of whom the profits were being made and whose incomes were depressed in order to increase CSR's profits, were clearly subsidising the CSR operations and incomes in Australia. CSR expansion in Australia was still being financed by the surplus generated in Fiji.

It is instructive to note how profits can be spirited away by simple accounting measures as revaluation of assets and overcharging of depreciation. What is unusual is to find a Commission of Enquiry admit the probable effects of such procedures and yet profess ignorance as to why CSR had revalued only its Fiji assets by more than 100% and not its Australian assets. The implications of overcharging depreciation had similarly been ignored by the Shephard Commission. Not having access to the kinds of information that might have enabled them to challenge CSR on an object-
ive basis meant that the system, and procedures laid down or permitted by the Commissions of Enquiry and the Government, worked against the interests of the farmers and safeguarded the profitable position of CSR. This state was to continue until 1969 when the Denning Commission of Enquiry was appointed to set the cane prices for the next ten years.

The Denning Commission of Enquiry

When the ten year period which had been covered by the Eve Commission Formula came to an end, CSR (SPSM) and the farmers were again in dispute over the future price of cane. Lord Denning was appointed to arbitrate and for the first time in the history of the industry, the growers found themselves being vindicated by an official Commission of Enquiry which also revealed many of CSR's tactics of exploitation.

Denning first of all blasted the Eve formula for determining the price of cane for the previous ten years, and its claim to give fair shares to the growers and the millers:

"The evidence satisfied me, that as events turned out, the formula failed to give fair shares."117

Further, since the millers received all their costs

"out of the proceeds before anyone else gets anything, the millers are in no risk of a loss....the risk of loss is all on the growers."118

The growers, out of the remainder of the proceeds had to pay for the ploughing, planting, weeding, fertilising, harvesting and delivering. Drought or hurricane meant the loss of the whole crop, no income and crippling debt. In bumper years, they found that they had excess on their hands because of the quota system which limited the amounts the farmers could sell. If the world price for sugar went down, the decrease hit the farmers first and foremost. In addition, contrary to what the Eve formula claimed, there was no incentive for CSR to economies on costs since these were received as first charge anyway, which they had a guarantee to deduct in full. We could in fact suggest there was every incentive to inflate costs where possible.
Further, farmers had explained that the machinery set up after the Eve Commission to regulate the sugar industry kept them completely ignorant of the financial information on which decisions were made. Denning found that this grievance was justified. He further stated that the Independent Accountant who was supposed to certify proceeds and costs:

"in the main went by the way in which the books had been previously kept (by CSR) as explained to the Eve Commission." 119

One result of this was that Denning's own accountant found many instances of cost duplication, overcharging of depreciation, questionable valuation of assets acquired through Development Grants from Britain, undervaluing of by-products: all implying that "the costs were certified at a higher figure than they should have been." 120 The eventual result of course was that the farmers' returns were correspondingly diminished.

Eventually Denning concluded that a fairer division of the raw sugar proceeds was to give 65% to the farmers and 35% to the millers. Each party would then bear their own costs. Denning calculated that the miller's share would enable them to pay 7\% on their revalued assets (or 15\% on their original valuation) as well as set aside funds for taxation and reserves.

Despite the fact that the share offered to CSR (35\%) was greater than the share offered to Australian millers (30\%), CSR (SPSM) decided to sell out to the Fiji Government. It received the sum of nine and a quarter million pounds on assets which had been valued in 1957 at just more than £5 million. Even on leaving, CSR was being repaid over again on investment which had paid itself over, numerous times before.

One should note, however, that there were other factors that probably influenced CSR in its decision to leave. Fiji was becoming politically independent in 1970 and CSR may not have expected the same protection of its interests as before, in colonial times. The guaranteed British market was being threatened with Britain planning to go into the European Economic Community. In addition, substitutes for sugar were being developed from temperate climate crops which meant that the temperate countries might have less demand for cane sugar. Overall, the
prospects for an export-oriented cane sugar industry in Fiji did not look too bright. CSR had also diversified widely in Australia where it had become one of the largest corporations. The prospects may have seemed brighter there. The shares in the sugar proceeds offered by Denning's Commission was probably not the prime consideration in pulling out of Fiji.

To obtain another perspective on the relative shares obtained by farmers as opposed to the millers, we shall analyse the sugar industry of Jamaica where instead of the one monopolist miller as in Fiji, there were more than twenty in the period we are looking at. By comparing the shares received by farmers in Fiji and Jamaica, we may be able to obtain some idea of the effect of monopoly in determining distribution between opposing interests.

Distribution In Jamaica

While it may not be valid to make direct comparison of absolute prices across countries even in the same industry, nevertheless a comparison of relative shares in the sugar proceeds between growers and millers could, with qualifications be useful.

The Jamaican sugar industry was originally established with slave labour from Africa. After emancipation of the slaves, indentured Indian labourers were brought in though not on a large scale. The labour in the mills and plantations was therefore mostly non-white. While in Fiji there was only one company milling all the cane, in Jamaica there were twenty-six manufacturers of sugar as late as 1939. These were organised into a Sugar Manufacturers' Association which represented their interests in the industry. In contrast to Fiji, most of the sugar mills also had their own estates which grew cane for the mills. The independent Jamaican farmers, also in contrast to Fiji, had substantial numbers of very large white growers with large holdings of land. This of course also implied greater wealth, status and consequently bargaining power. The growers by 1941 had also organised themselves into a powerful All-Island Jamaica Cane Farmers' Association. The mills therefore were dealing with farmers who were a mixture of black and large white farmers and who were represented by one organisation in the industry.

With twenty-six mills in Jamaica producing roughly the same output of sugar as five mills in Fiji,
clearly there must be wide difference in efficiency between the two countries in milling. The efficiency was completely to Fiji's advantage. Jamaica's two largest mills were both smaller than Fiji's two largest. Shephard noted that CSR in Fiji needed only 6.9 ton of cane to make a ton of sugar. Not surprisingly, the Jamaican mills over 1939-43 needed as much as 9.8 tons of cane. In other words, CSR's Fiji mills were producing up to 40% more sugar from a ton of cane than its Jamaican counterparts, a quite significant advantage.

On the revenue side, the constraints on the Jamaican millers was even greater than that on Fiji. Being part of the same British preference system, Jamaica received similar values per ton of sugar as did Fiji. In fact, for the period 1939 to 1943, it received about a pound less than Fiji because overproduction in Jamaica had reduced the value of the Special Preference Certificates. In addition, the sugar millers in Jamaica had to include the value of rum and molasses in the total value to be distributed while CSR did not, although it did derive the benefits by exporting the molasses to Australia.

How then did the Jamaican Sugar Industry share the proceeds between the farmers and the millers? In 1944, all the Jamaican mills were dividing the 'nett stripped value of sugar' in proportions giving the growers more than 60%. The two largest mills which are more comparable to the Fiji mills though still not as large, were giving more than 64% of the sugar value. In addition, by 1947, these proportions were to rise to 67%. In addition to the proceeds from sugar, the growers were also receiving fifty percent of the value of the by-products. Even though the Jamaican farmers were receiving roughly over 65% of the sugar value, there is still evidence to suggest that they were nevertheless being exploited by the sugar manufacturers there. The Official Inquiries into the sugar industry there usually turned up evidence to show that at the cane prices paid by the mills to the independent farmers, the mills' own estates showed losses on their cane-growing activities. In contrast to the more than 65% of the gross sugar value distributed to the Jamaican farmers, in Fiji, CSR with its much greater efficiencies in milling and not including the value of the by-products, was getting away with giving only 45% in 1942. Therefore something like 20% of Fiji's gross sugar sales was being appropriated as super-profits above the usual normal profits implicit in the 65%-35% sharing formula.
To what could one attribute the differences in shares between Fiji, Jamaica and for that matter Australia? Firstly the existence of monopoly in Fiji and the inherently strong bargaining position that entails would be important. In Jamaica as in Australia there was a divergence from the monopoly position. Secondly, the existence of single farmers' association able to present strong united fronts on issues meant that the bargaining power of the farmers was also considerably greater. Thirdly the fact that the farmers of both Jamaica and Australia included white farmers (all in Australia and most of the large ones in Jamaica) who also had substantial holdings hence wealth, status and bargaining power in the political and economic battle-grounds put them into a much stronger position relative to the millers when compared to the thousands of mostly illiterate, small Indian farmers who comprised the majority of the cane growers in Fiji. Fourthly, in Jamaica, there were numerous inquiries into the sugar industry which published large amounts of financial data regarding the milling operations. There was less likelihood of the sugar millers hiding away profits from the view of the farmers. In Fiji, without visible super-profits, what could farmers fight for and indeed what could they dispute if judgements were handed down without any evidence to justify the decisions of the Commissions of Inquiry? Last but not least and not unconnected to the above points, would be the attitudes of the Colonial Government (and the Colonial System) and Official Commissions of Inquiry towards the farmers and labourers whose interests and rights were opposed to those of the millers. We must remember that in Fiji, the Sugar Industry was the backbone of the economy and CSR had the most powerful sway over the Government of the country. It is to investigate these attitudes as made explicit in the institutional regulation of the sugar industry that we shall now turn.

INSTITUTIONAL REGULATION

Despite the obvious wish of private enterprise to operate unfettered especially when they were doing well, in most capitalist economies some degree of government intervention usually occurs, justified on the grounds that the interests of the weaker parties need protection, and that the system desires to protect these interests.
In Fiji's sugar industry, the opposing interests were those of thousands of small mainly Indian farmers against Australian capital in the form of one large company which continuously repatriated its profits out of Fiji to Australia. What role did the colonial government and official Commissions of Enquiry play in the above conflict?

To fully explain the official attitudes and treatment of the canefarmers and workers, it is essential to briefly outline the socio-political constraints on Indians, who constituted the majority of the farmers and mill workers. A brief account of how the socio-political structure complements and makes possible the economic system is necessary though this relationship cannot be dealt with in depth in this paper.

The Socio-Political Constraints

For most of the indenture period, the Indians were without official representation in the Fiji Legislative Council. Eventually, when one representative was nominated, he was an unknown without popular support and generally backed the government point of view. He criticised the critics of the indenture system and even asked the government to punish the leaders of the 1920 strike. He was little more than a puppet of the colonial government.

Eventually, in 1929, Indians were allowed to elect three members to the Legislative Council as opposed to the six European elected members on the unofficial side. Fijians did not have elected representatives until 1963. Very much the same pattern was observed in appointments to the official bodies of Government, even up to the end of the sixties. Europeans constituted the largest group appointed.127

Not unexpectedly, we find that throughout the history of the confrontations between cane farmers and CSR, the official reaction went strongly against the interests of the canefarmers. In the 1960 cane strike for instance, we find the unity of farmers being eroded: chiefs asked Fijian farmers to be moderate; a prominent European politician set up rival Fijian cane farmers' associations; even an elected Indian, who was a known associate of the chiefs and the European conservatives, asked cane farmers to break the strike.128
One disturbing aspect of the confrontation between the farmers and the Company was the frequent use by government of Fijians to act as strike-breakers in strikes started by mainly Indian farmers. In doing so the colonial government was sowing the seeds of disunity between the major races in Fiji, and in the process, removing attention from the groups in the colony who continued to reap the benefits of the 'divide and rule' policy. The attitude of Fijians towards Indians is not one that can be dealt with in a few pages. Factors that would need to be analysed in depth would include at least the following - the inter-dependent relationship of the Fijian chiefs with the Colonial Government, the powerful position of the chiefs within the Fijian community, the fear (real and magnified) of the Fijians of being dominated by the Indians and last but not least, the 'divide and rule' tactics of Europeans encouraging these fears. As mentioned earlier these factors cannot be dealt with in this paper. Nevertheless, one should note that any analysis of present day racial antagonisms cannot ignore the use of ethnic differences to repress the cane farmers as seen in the history of the struggles in the sugar industry.

In addition to political discrimination, Indians also had to face discrimination in the provision of public amenities and social services. Public libraries and baths were not available to Indians. In such a crucial area as education, Indians were barred from the early schools. CSR, in 1926, is quoted as giving only conditional support to the teaching of English to Indians because it would: "tend to create a Babu class with a desire for clerical or indoor work in the towns instead of employment in the outdoor activities." The role of Indians in the CSR world was clearly to be as the labourers in the fields that created profit. An English education would only give them the ability to question their prescribed roles and to battle their masters in their own language.

In the broader society, Indians were considered inferior by the whites. CSR itself practised the racial pecking order game. It had an established hierarchy for housing: the mill manager's house at the top of the hill, the white expatriates lower down, the 'part-Europeans' even lower down, then ordinary houses and last were the 'lines' - dormitory type houses originally used by the indentured labourers. This racial exclusiveness was practised in the wider society with white neighbourhoods, exclusive private clubs and special schools for white children.
We therefore find Mayer attributing European bias against Indians not only to resentment of the 'erstwhile coolies' progress in education and commerce' but also to 'assumptions of innate racial superiority and exclusiveness in social life'. It is extremely difficult if not impossible to imagine that in any confrontation between mainly Indian farmers and White Australian capitalists, the colonial government or Commissions of Enquiry would be completely impartial. This is in addition to the very good a priori reasons why the interests of British capital in South Pacific would gain if the interests of Australian capital in Australia were strengthened, against the interests of Indian peasant farmers. The latter, in all probability, would challenge British colonialism in Fiji as their counterparts were doing in India. Commissions of Enquiry into the sugar industry could not but be aware of the wider implications of their decisions.

To contrast with the Fiji situation, the institutional regulation of the Australian sugar industry shall be briefly outlined, focusing on CSR's constraints in Australia.

Institutional Constraints on CSR in Australia

CSR in Australia always had substantial interests in the sugar industry, and derived considerable power from the fact that it had managed to vertically integrate its operations: it owned plantations, mills, refineries, transport ships and was also the marketing agent for most of Australia's sugar.

The 1912 Commission of Enquiry identified monopolistic behaviour by concerns such as CSR: "We do not think it would be unfair to state that the general scheme of prices for cane, raw sugar and refined sugar is so manipulated that the advantage of enhanced prices for sugar resulting from high foreign prices accrues generally speaking, almost exclusively to the miller and refiner." 131

In Australia, although there were several millers, the monopolistic exercise of economic power was recognised and opposed. Therefore, in Queensland, as early as 1915, there were set up for each mill, a Cane Prices Board to regulate the price of cane to be paid to the growers. The Board had representatives from the growers, the millers, and a Government official as the neutral chairman. There was no doubt about the effect on the industry of having such Boards,
as CSR's historians pointed out:

"The millers watch the growers and the growers watch the millers, for each year, the Central Cane Prices Board with a Supreme Court Judge as Chairman, determines how the raw sugar price shall be split up between them. It collects its own sample of costs and listens to arguments on increased items of costs, by counsel for each side." 132

What was important was the accepted principle that not only was the miller entitled to a return on his assets but so also were the growers. Profits above the normal returns were to be shared with the growers while the burden of losses was supposed to be borne by all. It was generally accepted that the information that was necessary for deciding the division of the sugar proceeds be available to all interested parties, with room for appeal by those who disagreed with the decisions of the Cane Prices Boards.

A typical division of the proceeds ensured that while the millers received a return of 10% on their investment, the farmers covered their costs which also included imputed costs of their own labour, and management, as well as margin above that. In 1952, for a ten acre farm, costs were seen to be £700 of which £500 had to be paid out by farmers before their returns came in. Of the total raw sugar proceeds, the formula represented a division of 70% to the growers and 30% to the millers. This was accepted by CSR as early as 1954 in Queensland. 133

With farmers' incomes ensured at reasonable levels, the wages that they could pay their labourers were also influenced. In 1952, in Northern Districts in Australia, cane cutters received 13/104d per ton of cane cut as well as accommodation and furnishing to prescribed standards. 134 This might be contrasted with Fiji canecutters wages in 1944 of 1/4d per ton of cane cut from a comparable density of cane growth. 135 The Australian standards are not surprising since we have seen that the 1912 Commission of Enquiry had categorically stated that the wages of labourers and hence their standards of living were also necessary rights to be safeguarded.

In addition to setting up the Boards, the Australian Government also ensured that nothing impeded their effective operation. There were no problems as
to who should be the growers' representatives because of factionalism among the growers: in 1926, the Queensland Government passed legislation making it compulsory for all cane growers to become members of the Queensland Canegrowers Association. The growers were therefore able to present a united voice and consequently had more bargaining power than if they had several organisations as existed and still do exist in Fiji.

The Fiji Commissions of Enquiry

The 1912, Australian Commission believed that: "the growers were for national purposes the most important section of the industry and that their position should be improved." In Fiji, the various Commissions of Enquiry that were instituted rarely shared these sentiments. Until Denning presented his report in 1969, the growers could have been forgiven for believing that they could not expect any sympathy from an official Commission of Enquiry. In Fiji, the only recourse growers had was to take strike action. This occurred on more than one occasion whenever conditions grew unbearable.

The 1920-21 Strikes and Official Reaction

In 1920, a strike began with urban workers in Suva and then spread to the sugar areas of Nausori. The workers first claimed that the inflation during and after the war had eroded the purchasing power of their wages. Secondly, the indenture system had ended and they expected a better deal from their employers. They claimed that their wages had insufficiently increased from 2/- per day in 1910 to 2/6 in 1920, and they asked for a minimum of 5/- per day.

The Commission of Enquiry that was appointed stated that there had been a general increase in the cost of living of about 100%. It recommended, however, that the minimum wage should be left at the prevailing level and that food rations should be given at the rate of 4/6 per week - effectively an increase of only 65% if they did get the full value of their rations. Some interesting questions about the rates of profit of the merchants can be raised with the recommendation from the European member of the Commission that the wages and allowances be kept constant but that the prices of the relevant commodities be reduced.
Of interest is the Government reaction to the strike. In a pattern that was to be repeated over and over again, we can see the genesis in these times of many of the racial antagonisms that exist between Fijians and people of Indian origin today. Firstly, because most of the strikers were of Indian origin, special constables were recruited from among Europeans and Fijians to quell the strike. External pressure was exerted in the form of a warship that arrived from New Zealand and stood off the coast. The nominated Indian member of the Legislative Council urged the strikers to rely on the Commission of Enquiry and asked the Governor to punish the strike leaders. The official Government view, despite the fact that the Commission of Enquiry revealed the economic basis to the strike, was that the strike was: "captured by political agitators and used for their own ends." The strike leaders were banned from living in major Indian areas and effectively removed from Fiji.

CSR's response was also typical. In the middle of the strike, it granted in the West a bonus of 2/6 per ton of cane to the farmers and a grant of £1 per acre of land under proper cultivation, thus ensuring that they did not enter the strike. The Governor was to comment that: "it is to be regretted that the concession was not made earlier. If it had been it is possible that the strike at Nausori...might have been avoided." It was also well recognised that the CSR was well able to pay more, having benefited from the high war-time prices for sugar. Although implicit, it was also clear that the strike was because of inadequate economic returns, and not caused by political agitation as alleged by officials.

The 1921 strike showed very much the same trends, except that it originated in the main sugar areas of the West and lasted for six months. Given the poverty of the strikers and the debt they got into in order to survive, the genuineness of their grievances cannot be doubted.

The strike was broken by the Government which brought in Fijian 'scab' labour. The leader of the strikers was deported. CSR, despite the fact that it was making its most spectacular fortune in its history, refused to increase the wages significantly. The strikers were forced to go back to work after minor concessions.
The 1943 Commission and the Shephard Enquiry

While the next crisis was to occur in the middle of the war, confrontation began before that. A Farmers' Association (the Kisan Sangh) had been formed in 1937 but CSR consistently refused to acknowledge its existence. The farmers received little help from the Government, until 1941, when it was probably realised that it would be easier to influence the unions if they were recognised than if they were organised illegally. By the end of 1941, despite the claims of a European Member of the Legislative Council that: "Fiji's long history of industrial peace made the formation of recognised trade unions irrelevant" the Government passed legislation to recognise, register and regulate trade unions. 140

By 1943, three farmers' associations had formed and were all asking CSR for a rise in the price for cane, claiming that the cost of living had gone up drastically during the war. CSR, knowing that harvest-time was approaching, delayed for three months and refused. Government when appealed to by Kisan Sangh, delayed for a month and also refused to take any action. The farmers in frustration went on strike.

Although the farmers asked for a Court of Arbitration to make the award binding, the Government eventually set up a Commission of Enquiry whose recommendation did not necessarily have to be binding on the CSR. The Commission eventually reached the conclusion that the price of cane had kept pace with the cost of living and recommended no changes in the cane price formula. All the Commission's findings were rejected by the Farmers' Associations. One of their representatives asked the Government for a Royal Commission of Enquiry. This was refused. He moved a motion to the same effect in Legislative Council. It was defeated by a combined European and Fijian vote. Nevertheless, the Shephard Commission of Enquiry was constituted. It was to reveal the same irrationality or deliberate obtuseness of the previous Commission of Enquiry though it did publish financial data concerning CSR's activities for the first time. Shephard found that the cost of living for Indian labourers (and presumably for Indian farmers) had risen by 115% between 1939 and 1943. 141 His report contained a table of cane prices which showed that the average price of cane rose by only 50% in the same period. 142 Nevertheless he recommended no change in the method of assessing the price of cane.
beyond including the value of the molasses, even though the farmers' real income had clearly declined drastically. Shephard's ruling becomes even more mystifying when in the report he also observed and quantified the extremely high levels of indebtedness was likely to occur since one of the advantages that CSR had seen in the small farmer system was that the farmers would provide the working capital needed for the growing of cane. The farmers went into debt in order to survive until the cane receipts came in. Shephard failed to or refused to see the connection between the farmers' low incomes, their negligible savings, and the high levels of debt most of them were in.

Only on one major issue did Shephard agree with the farmers' claims: this was on the desperate need for some form of statutory control over the industry. The growers had asked for a Board of Control with representation from CSR, the farmers and the Government. The Board would have absolute access to relevant information in order to fairly assess the price of cane. Shephard however suggested that the Board should be advisory only and that the: 
"recommendations of the Board would be implemented only by mutual consent, or with the approval of the Governor, or on fundamental issues by the Legislative Council."143  

Despite the fact that the Board as recommended by Shephard did not have binding powers of its own and that the Governor and the Legislative Council would bend to CSR's wishes anyway, CSR strongly opposed the formation of the Board. Its historians were later to write: 

"The creation of a Sugar Board as previously advocated by the associations and recommended in Professor Shephard's Report of 1945 was successfully opposed by the Company on the grounds that it would achieve no constructive purpose and would create new problems."144  

There apparently seemed no contradiction in the fact that such Sugar Boards had been operating already in Australia for the previous thirty years, and whose effects were documented as noted earlier.

The above clearly indicates whose interests the Colonial Government in Fiji was careful to safeguard. With one monopolist miller and thousands of illiterate
cane farmers, the Government refused to set up a controlling Board that might safeguard the interests of the farmers. This can be contrasted with the 1915 situation in Australia where there were many millers, and farmers whose general level of education and ability to safeguard their economic rights was probably far ahead of the Fiji farmers, and yet Cane Prices Boards had still been set up for each mill. Of its own free will, the Colonial Government would not act to protect farmers' interests. The protection obtained had to be fought for.

In any such Board as proposed by Shephard, representation would clearly be crucial to its working. Shephard suggested that:

"the Company would nominate two of its officers but the farmers are not sufficiently well organised to select their own representatives"

and that it

"would appear necessary for the Governor to nominate the cane-farmers' members during such time as the farmers lack the machinery for electing their own."145

In Australia, the farmers had been compulsorily required by the government to join the one farmers' association; no one suggested that for Fiji. Clearly it was not in the interests of either the CSR or the Government to have one united cane farmers association in such a vital sector as the sugar industry.

There seems to be sufficient evidence to suggest that both CSR and the Government actively worked against unionisation of the cane farmers. Sharma relates many instances of CSR officers threatening and victimising farmers who had become members of the Kisan Sangh and even encouraging some farmers to set up rival unions.146 There was even the amazing incident where one of the farmers' leaders was physically removed from a farmer's residence by the manager of a cane mill and a police officer.147 During the 1943 strike itself, Government did all it could to ensure that the farmers did not get the upper hand. It sent policy and military forces to cane areas, claiming to police those farmers who wanted to cut cane. It restricted the movements of the leaders of the Farmers' Association, eventually prosecuted some and even sentenced some to prison
with hard labour. Finally when the prosecution of the farmers failed, laws were passed making sugar-cane an essential crop and making the strike and any others following illegal.

The tactic of prosecuting leaders and trying to discredit them in the eyes of the people they represented, was one which most of the Commissions used. In 1957, mill workers went on strike after negotiations to increase their wages from £3/0/6 per week broke down. (In 1952, in Queensland, the basic wages per week paid by CSR had been £10/13/0). The Commission that was appointed, while acknowledging that the low standard of living was a factor in the unrest and recommending a wage increase of 17%, nevertheless alleged that the union leaders were using the strike to increase their own personal influence. We find similar statements being expressed with the next Commission of Enquiry.

The Crisis in 1960 and the Eve Commission

With the ending of the previous contract, CSR declared that its returns were inadequate and wanted to reduce the price for cane. The canefarmers eventually resorted to the only weapon they had in the dispute and large numbers of them refused to harvest their cane. We have already seen the judgement handed down by Eve as to the formula for the price of cane. We now comment on their other allegations.

Firstly, it tried to discredit the leaders of the farmers' associations who had led the strike and the president of the Mill Workers' Union who had supported the farmers' stance, claiming that it was the deliberate intention of these leaders to gain advantage for themselves, and to increase their own popularity. The Commission even warned the growers not to heed the advice of the leader who had advocated the strike, while in the next breath stating that:

"this leader is a very able man, and that he could provide sorely needed leadership of the right kind." 149

Clearly leaders who advocated strikes that cut into the Company's profits and threatened to drive it out of the country were not the right kind of leaders. The Commission also suggested how the leaders of the growers should be chosen, when it discussed the composition of the proposed Sugar Advisory Council.
It advised that no practising barristers, solicitors and members of or candidates for the Legislative Council should be eligible for membership of the Sugar Advisory Council! It should be remembered that most of the more militant members of the associations and unions had come from these categories or had risen to their political positions after their leadership experience among the farmers and the sugar workers. Even more revealing is Eve's recommendations for the selection of the growers' representatives. Eve rejected a direct vote by the farmers. Instead he suggested that the leaders of the harvesting gangs should suggest ten names to the Governor who would then select the five who would be the growers' representatives on the Council. Further, he would also select the senior representative from among the five. Similar arrangements were suggested for representatives of the mill workers. The cane growers and the workers, in the eyes of the Eve Commission, were clearly not able to select their own representatives and even if they could, should not be allowed to.

On the other hand, the Commission was quite clear that: "In the case of the millers presumably, Your Excellency will usually follow the wishes of the millers in picking their representatives." Unlike the case of the growers and the mill-workers, there were no undesirable representatives on the miller's side who had need of weeding out.

In discussing future changes in the industry, the Commission showed whose interests it wanted to safeguard. It first of all scorned the growers' suggestion for setting up co-operative mills:

"the growers have not yet learnt to manage their own farms without supervision, they would not be capable of co-operating in running an efficient mill."151

On the other hand it benevolently advised CSR to set up a subsidiary in Fiji:

"we have a strong feeling that CSR would have an easier and more profitable time in Fiji if it shared the responsibilities of ownership with the local inhabitants."152

The Commission suggested that the stamp duty which would be involved in the changeover could be foregone by the Government since the operation was 'for the
benefit of Fiji'. Further, CSR should wait for a more opportune time before offering shares to the Fiji public and that such an offer should not relinquish control by CSR.153 Needless to say, as we have explained before, the cane price formula handed down by the Eve Commission was completely in harmony with the above recommendations, in protecting CSR's financial interests.

Overall, until the arrival of the Denning Commission of Enquiry, no other Commission articulated the condition under which the growers and mill-workers worked and lived. While some commissions were prepared to consider the proportionate changes in the cost of living as measured by some index, none asked whether the existing conditions were those under which human beings should live in, much less conditions they would accept for themselves or other whites.

We have noted that in Australia as early as 1912, commissions of enquiry voiced their concern and made recommendations that fought against the monopoly behaviour of capitalists. They showed concern for the welfare of their cane-farmers and workers and ensured that their sugar industry provided decent standards of living for them. No such concern was expressed for the non-white farmers and workers in the sugar industry in Fiji. They continued, and to a large extent still continue, to live in relative poverty in a country whose wealth has been built mainly on the result of their labour.

CONCLUSION

We have tried to show the nature and extent of exploitation in what has been the most important industry in Fiji over the last hundred years, that is, sugar. In some areas the lack of information has made description brief. Nevertheless, there is enough evidence to indicate that where the division of the income from sugar was concerned, the entire system operated to ensure that the interests of the Australian Company, CSR were safeguarded, even if this meant intense hardship to thousands of farmers, workers and their families.
We found that while CSR's monopolistic position no doubt helped it in its exploitation, as the comparison with the Jamaican experience showed, two other factors were also crucial. This was the white racism that actively exploited non-whites by enforcing wages, incomes and overall standards of living that whites themselves would not expect nor impose on themselves. The pervasiveness of this racism against non-white labour, and not just against Indians in Fiji, was demonstrated by an account of white attitudes to Fijians before indentured Indians came, and also by the experience of Pacific Islanders in Australia before they were evicted by legislation to keep Australia white. This white racism was an empire-wide phenomenon, and not merely in the South Pacific; it was used by other colonialist powers, not just Britain.

Secondly, the actions of the Colonial Government and successive Commissions of Enquiry ensured that the most favourable conditions existed for CSR in Fiji. This could be contrasted with CSR's position in Australia where the welfare and rights of white labourers and farmers were protected to a much greater extent, by government legislation. In Fiji, the Colonial Government created penal labour laws, ensured lack of political opposition by denying representation, repressed unions and their leaders, provided 'scabs' and encouraged rival unions that weakened CSR's opponents, and in general were unconcerned for the welfare of the farmers and workers who created the profits for CSR and tax revenue for Fiji. All official Commissions of Enquiry before that of Lord Denning amply demonstrated that their primary consideration was CSR's profits. Benefits to the colony, and decent standards of living for the people who created CSR's profit were never a important considerations since the racism of colonialism could assume that these people were 'meant' to labour to provide profits for the colonialists.

Superficially it may seem irrational that official policy should enable an Australian Company to maximise the profits it repatriated out of Fiji, to the detriment of Fiji's economy and the people, technically British subjects, who provided these profits. This irrationality however disappears when we look at the situation from the point of view of the white British Empire and its needs. On the one hand there was a huge continent Australia, with immense potential, peopled and controlled by whites of
British stock, and on the other there was a small island colony where whites were a minority and natural resources relatively small. It was clearly in Britain's long-term interest to extract surplus from the small colony and build and secure Australia and its resources against competing foreign interests. A quite logical outcome has therefore been that while CSR has expanded immensely in Australia creating diverse industries and employment, Fiji has seen stagnation with five raw sugar mills the only reminder that huge surpluses were generated but never used for growth or to diversify for development of Fiji and its people. The exploitation of Fiji served the needs of the white Australians, while leaving behind a legacy of low wages and struggles, and more permanently a division between Indians and Fijians who do not know their history of common exploitation, nor the origins of their present mutual antagonisms.

It is important for Fiji people that we do not lose sight of the lessons that we can learn from the past experience. The most obvious derives from the implications of having foreign investment dominating our economy as did CSR. Not only will the eventual outflow of profits severely limit our growth, but the owners of such investment will ensure that their interests are not harmed. This will go against the long-term development aspirations of our people, which must include as a minimum a decent standard of living. This is only possible through higher wages, which implies that the profits of the companies must be reduced.

It is also vital for us to realise that our present patterns of behaviour as ethnic groups, associations and unions have been a result of a past conditioned to serve the vested interests of the past. The splintering of unions or the formation of associations along ethnic lines served largely the interests of large capitalists and a colonial government that worked with them. To continue such patterns of behaviour cannot but go against the interests of the ordinary working people who must recognise that formation of ethnic unions, the breaking of strikes, or support of anti-strike actions, all help capitalist enterprises to continue to exploit the people of Fiji.

We must recognise that the present distribution of income is a direct inheritance of the colonial past where low wages, and incomes for workers and farmers were a prerequisite for high profits for foreign capitalists. This distribution of income was created without a thought to questions of equity, or decent standards of living for the people who created those
profits. With the Fiji Government now owning most of the shares in Fiji Sugar Corporation and also having within three years of acquisition of SPSM's assets, made profits that exceeded the price paid for the assets, it should be questioned whether the continued high returns are justified or whether or not the people who are creating these profits should receive a greater return to share these high profits. The issue is all the more relevant when one realises that most development in Fiji has not occurred in the sugar area although owing its financing to the surplus originating from the sugar industry. Most of the labourers and farmers in the sugar industry still live close to the poverty line that they have known in the past. The government and people of Fiji have a debt to pay to the people in the sugar industry beyond the mere commemoration of Girmit Day or the giving of shiny trays to workers who have worked for fifty years in sugar but who retire with little security for their old age. At the other end of the scale, our people who are in positions originally occupied by whites cannot expect the incomes and standards of living that whites previously expected and obtained only through the exploitation of our labourers and farmers. To do so would be merely to replace one class of exploiters by another class derived from our own ranks, but whose behaviour is identical and equally inexcusable.

There are lessons also for industry organisation that have clearly not been learnt. The farmers have still not organised themselves into one association. The Fiji Government has also done its bit in allowing and encouraging the formation of yet more ethnic associations which cannot help the farmers interests in the long run although they are clearly in the interests of those politicians who can only gain support through such divisions. Formers are still treated cavalierly. They have found themselves not consulted on the use of the Stabilisation Funds which were supposed to benefit them. Clearly there is a danger that the Fiji Government may take on the role of exploitation that private capitalist interests previously held. This should be resisted by all concerned with equity and justice in our economy. The rest of the country should not ride on the backs of the sugar farmers and workers.

Lastly, FSC has dispelled the popular myth that large enterprises should be the domain of private capitalists only. With most of the staff localised and FSC in fact achieving more in production than was
ever previously achieved, local expertise can be and has been created to run any large or small enterprises in our economy. The myth that foreign capital and expertise is a necessary component of development should be put to rest once and for all.

FOOTNOTES

1 Fiji a Developing Australian Colony, IDA. Vic., Australia, 1973.
5 Ibid., p. 55.
6 Ibid., p. 48.
7 Fiji Times, Sept 25, 1869.
8 France, op. cit., p. 52.
9 Ibid.
10 Roth, G.K., Fijian Way of Life, OUP, 1953, pp. 87, 88.
11 Fiji Times, Oct 16, 1869.
13 Ibid., p. 269.
14 Ibid., p. 93.
15 France, p. 70.
16 Ibid., p. 92.
17 Fiji Times, Dec 4, 1869.
19 Fiji Times, 19, 26 July, 1873. Quoted in Legge p. 231.
21 Ibid., pp. 264, 262.
22 Cyclopaedia of Fiji.....Sydney, 1907, p. 128.
24 Fiji Times, June 4, 1870.
26 Fiji Times, Sept 25, 1869.
28 Legge, op. cit., p. 90.
29 The logic is interesting: settlers set up a king who is not really a king. Those who oppose him are rebels by order of the king. The king then has the right to set the rebels to work for the settlers who made him king in the first place.
30 Quoted in Gillion, op. cit., p. 12.
31 Gillion, op. cit., p. 10.
32 Ibid., p. 10, 75.
35 Gillion, op. cit., p. 76.
36 Ibid., p. 78.
37 Ibid.
38 Gillion, ibid., Appendix F.
39 Ibid.
40 Ibid., pp. 84, 88.
41 Ibid., p. 89.
42 Ibid., p. 119.
43 Ibid., p. 88.
44 Ibid., p. 94.
46 Ibid., p. 91.
47 Ibid., p. 91.
48 Estimated from figures in the 1912 Australian Report.
49 Quoted in Gillion, op. cit., p. 90.
51 Chapple, W.A., Fiji, Its problems and resources, Whitecombe and Tombs, 1921, pp. 85, 87.
   This author saw "the white man's chief and most natural and important function is to direct black labour... be the black man's master... the black man be the white man's producer...".
52 Dixon and Blaxland, op. cit., pp. 30, 423.
54 1912 Australian Report, p. (i).
55 Ibid., p. (xv).
Report on the Australian Sugar Industry

Maxwell, op. cit., p. 43.


Ibid., p. (lxxxix).

Ibid., p. (lvi).

Maxwell, op. cit., p. 5.

1912 Australian Report, p. (xvi).

Ibid., p. (xviii).

Ibid., p. (lvi).

Ibid., p. (lvi).

Dixon and Blaxland, op. cit., Information on production, price and profit from Appendices 11, 13 and 31.

Ibid., Appendix 14.

Ibid., p. 443.

Ibid., The figures immediately following are from pp. 298-308.

Figures derived from Shephard's Report, The Sugar Industry of Fiji with sugar receipts of £1,435,888, a sugar output of 137,049 tons CSR was still showing some profit. The costs per ton of sugar would have been less than £10.4 in 1938, the year for which the above figures refer.

Dixon and Blaxland, Appendix 31.

Ibid., pp. 299, 201, 300.

1912 Australian Report, p. (lxxxix).

Dixon and Blaxland, op. cit., Appendix 13.

Gillion, op. cit., p. 189.

Ibid., p. 91.
Quoted in Gillion, p. 180.


Ibid.

Shephard, *op. cit.*, Table 11, 23.

Ibid., Appendix A, Table 2, 1912 Australian Report, *op. cit.*, p. (xl).


Gillion, *op. cit.*, p. 100.

The Colony of Fiji: 1931, p. 83.

Shephard, *op. cit.*, Appendix A, Table 1.

Shephard, *ibid.*, Appendix A. Table 2.

Shephard, *ibid.*, Appendix B.


Ibid., Table 29. Shephard had calculated that the Fiji mills took 6.92 tons of cane to make a tone of 96 polarisation sugar.

Ibid., p. 59.

Rough estimate of bonus received by growers

\[ \text{£}170,000 = (137049 \text{ Tons cane}) (7.1) \times (3.5/-) \text{ shillings} \]
Estimate of total Preference = (137049) (£3.75) + £196763
= £710,677.

95 Shephard, op. cit., Table 22.
96 Ibid., p. 23.
97 Ibid., Table 22.
98 Ibid., p. 23.
99 Ibid., p. 6.
100 Jamaica Report, 1945, op. cit., p. 137.
101 Shephard, op. cit., p. 27.
102 Ibid., Table 20.
103 Ibid., pp. 18, 19.
105 Ibid., p. 16.
106 Ibid., p. 24.
107 Shephard, op. cit., Table 26.
108 Ibid., p. 29.
109 Ibid., Table 27.
110 Ibid., Table 22.
111 Ibid., Table 26.
112 Excess % Depreciation = (4%-1.83%) of assets as valued by CSR, given in Table 26 of Shephard's Report.
113 Estimated adjusted profit = profit claimed + Excess depreciation charges.
117 Denning, op. cit., p. 5.
118 Ibid., p. 5.
119 Ibid., p. 10.
120 Ibid., p. 9.
121 Shephard, op. cit., Table 22.
123 Ibid., p. 138.
124 Ibid., p. 244, Table 15.
125 All-Island Jamaica Cane Farmers' Association Annual Reports.
126 Jamaica Report, 1945, op. cit., pp. 137, 139.
128 Ibid., pp. 70, 71.
130 Ibid., p. 65.
131 1912 Australia Report, op. cit., p (xxxix).
133 Ibid., p. 102.
134 Ibid., p. 20.
135 Shephard, op. cit., Table 6.
137 Dixon and Blaxland, op. cit., p. 424.
138 Mayer, op. cit., p. 37.
139 Ibid., p. 38.
140 Ibid., p. 68.
141 Shephard, op. cit., p. 27.
142 Ibid., Table 20.
143 Ibid., p. 33.
144 Dixon and Blaxland, op. cit., p. 88.
145 Shephard, op. cit., p. 32.
146 Sharma, op. cit., pp. 56, 60, 61.
147 Ibid., p. 52.
149 Ibid., p. 10.
150 Ibid., p. 37.
151 Ibid., p. 12.
152 Ibid., p. 12.
Graph 1: World Price of Sugar

Notes:
(a) to 1939 c.i.f. London
(b) 1940 to 1947 f.o.b. Cuba
(c) 1948 to 1954 c&f London

Source: (5, Appendix 13)
Graph 2: Sugar Output of CSR's Mills (Fiji)

Source: (5, Appendix 2)