

## Budgetary Allocation for Affirmative Action: Making Sense of Race<sup>1</sup>

Ruvendra Nandan

### *Abstract*

*State budgets have become very influential in the emergence and functioning of modern states and societies worldwide. This paper goes beyond the narrow technical and objective roles of state budgets, and examines how state budgets with provision for affirmative action have become a tool for racial differentiation. It is argued that a state budget with annual budgetary allocations for affirmative action in Fiji create a pattern of visibility and power, and when drawn upon in daily interaction, the state budget not only shapes race and race related tensions, but also gets shaped by such conditions.*

### Introduction

Research to date has established that a budget, be it for the state or an organisation, is more than just a rational reflection of technical and objective reality. Many studies have considered budgets and the budgeting process in organisations as socially constructed. Rather than just being a passive reflection of objective technical reality, budgets and the budgeting processes are implicated in the construction of social reality (Cooper, et al, 1981; Covaleski and Dirsmith, 1986, 1988). This non-conventional perspective argues that upon implementation, a state budget and budgetary control systems shape and in turn are shaped, in terms of what is important and what constitutes social and organisational reality.

The main aim of this study is to examine how the state budget with budgetary provision for affirmative action becomes a tool for racial differentiation in Fiji. It is argued that the state budget is an accounting modality that is often drawn upon in everyday interaction to reproduce racial

<sup>1</sup> This paper has benefited greatly from comments and suggestions made by anonymous referees.

tensions in Fiji. But it is not the only factor responsible in the reconstitution of race relations. The historically constituted structures in the form of rules and resources (both allocative and authoritative) go on to explain at length segregation of the population along racial lines. For example, in Fiji, the Constitution, various Acts of Parliament and rules in relation to land continue to divide people of the country along racial lines. These include, among others, the *Native Affairs Act*, the *Agricultural Landlord and Tenant Act* and the *Native Land Trust Act*.

Race is one area where accounting lacks scholastic discourse, particularly where accounting is deployed to support racist regimes and race relations (Fleischman and Tyson, 2000). Of the limited studies undertaken on race and accounting, the majority have focused on racial discrimination within the public accountancy profession (Mitchell, 1969, 1976; Mitchell and Flintall, 1990; Hammond and Streeter, 1994; Hammond, 1997; Annisette, 2000, Annisette, 2003, Kim, 2004). These studies demonstrate how ethnicity and accounting are infused in professional accounting industry leading to exclusion and/or underrepresentation of minority groups in public accounting industry in different societies. This study is different from those cited above, for it examines how a state budget based on technical, objective accounting rules and processes legitimise subjective and political decisions such as segregation of the population along racial lines.

The notion of race is still widely used even though there is a shared understanding among social science researchers that ‘races’ as such do not exist (Solomon and Black, 1996). Many argue that the concept should be bracketed each time it is used or replaced with ‘ethnicity’. Even though race is a delicate topic, it needs to be remembered that it is ‘all too real in its pernicious effects’ (Loomba, 1998: 122; see also Miles, 1989), and Miles and Brown, 2003). The rest of the paper is structured along the following lines. In the next section, we review the conventional and non-conventional roles of public sector budgets. We then trace the historical roots of affirmative action and summarise the main arguments for and against affirmative action. Following this we provide an overview of affirmative action initiatives and state budgetary provisions in the Fijian context. We then provide some illustrations of affirmative action initiatives and their involvement in reconstitution of race relations in Fiji.

### Different Roles of Budgets

Traditional literature on budgeting places heavy emphasis on technical routines. It sees a budget as a detailed plan of action that summa-

risers financial consequences of future operations. The budgetary process is perceived to serve purposes such as planning, allocating resources, co-ordinating activities, communicating, and controlling and evaluating performances. From a more interpretive perspective, budgets have sense-making and sense-giving roles. Budgets help to make sense or reflect on objectives, power and authority, and culture at organisational and societal levels. From a more critical perspective, budgets provide powerful insights into political struggles that characterise organisations and societies. People have diverse aims and compete for scarce resources and in this process form groups and alliances over budget allocations. As such budgets are outcomes of political contests rather than outcomes of rational, technical and neutral rules (Pfeffer and Salancik, 1974).

This study sees budgets in a non-traditional and broader context to make sense of how power and politics of race unfold in social and organisational life. It is more of a social invention complicit in the construction of a social reality.

It is argued in this study that whatever gets accounted for in a state budget shapes the views of various people on what constitutes 'reality' (Burchell, et al. 1980; Covaleski and Dirsmith, 1986, 1988). For example, when justifications for affirmative action in favour of one ethnic group are in dispute, race and race-related tensions are obvious outcomes of the budgetary process discourse. Thus, budgets are not only planning and control tool for resource allocation decisions, but they also are a mechanism around which interests are negotiated, claims and counter-claims articulated, and political processes explicated (Wildavsky, 1979). In the name of serving the quest for rationality, budgets with provisions for affirmative action, mask and mystify the forces and power networks that are at play, and that are influential in the constitution and reconstitution of racial tensions. This is discussed in more detail in the next section.

A non-conventional perspective on budgeting provides a better and broader understanding of how the latter shapes and gets shaped by various social, institutional and political forces (Covaleski and Dirsmith, 1986, 1988). Budgetary allocations for raced-based affirmative action shape racial discourse and race related tensions which in turn shape future budgets with greater provisions in the budget for affirmative action. In Fiji, on average, budgetary provisions for affirmative action programmes specifically designed for indigenous Fijians and Rotumans have increased every year by 6.5% (Ministry of Finance and National Planning, 2004).

## Arguments For and Against Affirmative Action

The term 'affirmative action' has US origins, with roots in the Civil Rights Act of 1964 which bans all discrimination in employment based on race, colour, religion, sex, or national origin. It denotes design and implementation of policies to redress the exclusion of minorities (African Americans) from business, employment, education, housing, and so on.<sup>2</sup> Affirmative action was conceived as a temporary measure to compensate for the years of slavery, with a hope that it would lead to equal opportunity for all (Stein, 1995: 28). Its purpose was to increase equity and opportunity, to permit race and, subsequently gender to become a factor in hiring, contracting, admissions, and financial aid. Affirmative action policies thus justified using unequal means to achieve greater equality among diverse groups of people, which would contribute to 'public welfare because it reduces poverty and inequalities' (Greene, 1989: 9). But is this enough? It needs to be clear that 'blacks have not simply been treated unfairly; they have been subjected first to decades of slavery, and then to decades of second-class citizenship, widespread legalized discrimination, economic persecution, educational deprivation and cultural stigmatization. They have been bought, sold, killed, beaten, raped, excluded, exploited, shamed, and scorned for a very long time' (Fish, 1993: 2). Words such as 'compensate' rarely give sufficient description of their experiences. Some might argue that affirmative action policies are hardly an adequate remedy for the 'deep disadvantages' arising from discrimination, while others might see it as a small consolation for unfair treatment. Other arguments advanced in favour of affirmative action are: that it is just reparation of historical injustices (McGary, 1977/78); that affirmative action can be justified on the ground that the harms of discrimination are current, and require compensation (Ezorsky, 1991); and that race-based affirmative action policies are necessary in college admissions because a central mission of the university is to promote a democratic culture (Post, 1998). This requires building the cultural capital of all citizens, so that they have the 'communicative and imaginative' skills necessary for creating a universally inclusive, democratic discourse (ibid).

The main argument against affirmative action is that 'two wrongs don't make a right; if it was wrong to treat blacks unfairly, it is wrong to give blacks preference and thereby treat whites unfairly (Fish, 1993:2). In other words, turning the tables on previously favoured groups is as unjust as the original discrimination. Further, the argument that affirmative ac-

<sup>2</sup> See Weiss (1997) for a comprehensive history of affirmative action in the US.

tion is reverse racism is faulty reasoning that ignores the historical context of the issue and any attempt to establish a level playing field would perpetuate existing unfair conditions. Stein (1995: 1) contends that affirmative action policies have not been fully accepted within the US, and argues that such policies further reinforce 'racist stereotypes instead of eliminating them'. Sowell (1996) argues that in the US context affirmative action programmes stigmatise its intended beneficiaries by implying that they are less competent, and cause white resentment towards black, thereby reproducing racial hatred.

The fact, then, is that affirmative action initiatives funded from public funds are generally driven by political motives, aimed at addressing the question of equality. But then, the concept of equality itself is problematic, it is a subjective term, understood and interpreted differently in different contexts. As a result of complex social, political and economic factors, there are practical difficulties in achieving equality (Ratuva, 2002: 130). For example, in countries like the USA, Malaysia, South Africa, India and Fiji, affirmative action is more than just a normal economic policy prescription, and is intertwined with the structures of the wider social order such as those of politics, race and culture.

### **Affirmative Action Initiatives and Budgetary Provisions in Fiji<sup>3</sup>**

In Fiji, affirmative action initiatives are race-based. Fiji's population became racialised with the introduction of indentured workers from India between 1879 and 1916. Sutherland (1992) proposes that beneath the myths of Fijian protection and outward appearance of easy village life, were overt and covert forms of exploitation of Fijian labour arising from colonial capitalism. Researchers have argued that indigenous Fijians' confinement to subsistence sector, hence their inability to participate in modern money economy and resulting marginalisation in industry and commerce, were illustrative of this different kind of exploitation (Sutherland, 1992, 2000; White, 2001; Alam, et. al 2004). The above go a long way to explain the rationale for affirmative action in favour of indigenous Fijians and Rotumans.

Several privileges have been extended to the indigenous Fijians

<sup>3</sup> This study is based on archival research undertaken by the author during 2004 and 2005. Apart from literature review, documents for empirical analysis were collected from Fiji's National Archives, libraries and state offices such as the Office of the Auditor General, the Registrar of Companies and the Parliament of Fiji. Corporate annual reports of some of the state-owned organisations involved in the promotion of affirmative action policies were also studied.

through state budgets at the expense of other races. Affirmative action initiatives in Fiji include among others, preference and priority in recruitment to senior public service positions, generous grants to the Fijian Provincial Councils, government guaranteed and interest subsidized loans in the form of development finance, and preferential provision for scholarships for tertiary level studies. As these initiatives are implemented through the yearly state budget, the budget becomes an 'important accounting modality' engaged in the production and reproduction of race relations in the country (see Macintosh and Scapens, 1990).

Both Indigenous Fijians and Indo-Fijians suffered different kinds of exploitation during colonial rule. The former lost some of their very fertile land through sales to Europeans. A new administrative structure was also imposed on them, which became a permanent feature of their living. The Indo-Fijians, on the other hand, were kept completely deprived of assets such as land, forest, and sea resources. They were, as Rawls would have stated, 'born into the less favourable social positions' (1972: 100). Rawls correctly argued that in order to treat all persons equally, to provide genuine equality of opportunity, society must give attention to those with fewer native assets and to those born into the less favourable social positions (1972: 100).

For Fiji, this paper argues that affirmative action programmes should be made available to all the disadvantaged groups of the society so as to provide genuine equality of opportunity. In Fiji, the *Social Justice Act 2001* was designed to legislate all existing and new affirmative action programmes. The Government put in place a Blueprint, titled '*50/50 by year 2020: 20-year development plan for the enhancement of participation of indigenous Fijians and Rotumans in the socio-economic development of Fiji*', that outlines a 20-year development plan (2001–2020) for increasing indigenous Fijian and Rotuman participation in the mainstream of economic life. The present government remains committed to the programme on the protection of Fijian and Rotuman rights and interests with significant budgetary allocations. Previous governments had also remained committed to such an objective, with substantial budgetary allocations year after year. The 2003 national budget allocated F\$15.20 million for Blueprint initiatives; this figure was increased to F\$16.20 million in the 2004 budget. As similar provisions are not available for other races that are equally poor and live below the poverty line (Cameron, 2000; Chand, 2001), it is argued that affirmative action programmes become a major source of conflict and tension between the two main races. Instead of eliminating racism, such policies further 'reinforce racist stereotypes' (Stein, 1995). White goes further and argues that 'there is no national

consensus that Fijians constitute a disadvantaged group whose status warrants affirmative action (2001: 242). Such an ambiguity of Fijian status problematises the legitimacy of affirmative action policies for Fijians and Rotumans.

Affirmative action policies in Fiji 'have received an ambivalent response from Indo-Fijians (and some factions of the Fijian community); related debates have been couched in a colonial discourse that pervades the discussion of group differences in the society' (White, 2001: 240). The origins of colonial discourse are traced to the 'protectionist', sometimes referred to as the 'handout', philosophy of the British colonial administration expressed in three major policies: land inalienation, immigrant labour, and traditional hierarchy. This philosophy and associated policies were based on the notion that Indigenous Fijians were a 'primitive people', unprepared to function in a modern society, and therefore, needed to be sheltered from its influences (Sutherland, 1992; White, 2001). Colonial policies and a corresponding colonial discourse configured indigenous Fijians as a group that first required protection and then gradually introduced to the modern competitive and complex economic environment (Norton, 2002; White, 2001; Sutherland, 1992, 2000). Hence 'protectionist' policies were designed and implemented to preserve indigenous custom and practices, and to shelter the indigenous from the harms that were perceived to follow from rapid exposure to commercialisation and modernization, particularly in the urban centres (Scarr, 1983, White, 2001). The Indigenous Fijian community was seen as not ready for individualistic rights, thus requiring the guidance from Europeans. Key to this nuance of Fijians was an estimation of their incompetence in governing their own affairs in 'civilised' institutionalized settings (Sutherland, 1992).

Apart from discriminatory educational practices in Fiji<sup>4</sup> political segmentation was also institutionalized through the introduction of race-based representation in the government. The majority representation of Indigenous Fijians at the helm of government, coupled with demands for the positions of Prime Minister and President reserved for Indigenous Fijians is itself a form of affirmative action, suggesting the symbolic and practical value of political power. The significance of political power follows from the premise that only Indigenous Fijian leaders have the greatest motivation to promote and protect material Indigenous interests and, therefore, uphold affirmative action programmes until economic and educational inequalities are eliminated. The long practice of racial segmenta-

<sup>4</sup> For details see Puamau (2001).

tion, perpetuated distinct cultural, religious and linguistic identities among Indigenous Fijians and Indo-Fijians; the legacy of these practices is clearly evident today in the form of racially segmented patterns of employment, political affiliations, minimal intermarriages and in other forms of everyday interaction (Norton, 1977, 2002, White, 2001).

As the colonial administration began preparing for Fiji's independence, the issue of economic inequality (however problematic) between the two groups came increasingly to the fore. Prominent Indigenous Fijian leaders regarded disparities with a heightened sense of foreboding (Durutalo, 1986, White, 2001). The danger for them was that not only 'cunning' and 'greedy' Indo-Fijians would be over-represented in the private sector, but numerically dominant to take political control of the country, resulting in change of protective land laws. Losing land to others, for indigenous Fijians, means losing their identity and the most important allocative and authoritative resource, and hence slipping away from power and domination. The only way out was the promulgation of a constitution that protected the status of Indigenous Fijians. This came to be known as 'paramountcy of Fijian interests', a tacit contract intended to recognize and protect Fijians as an indigenous group (Durutalo, 1986).

The first constitution of independent Fiji and others that followed had several provisions to uphold and enhance the paramountcy of Indigenous Fijian interests; many of these required regular budgetary allocations. Among others, the significant ones are: Great Council of Chiefs to nominate members to the Upper House of Parliament; 87% of land remains under communal holding; and there be a provincial administration system for indigenous Fijians.

In 2001, a new legislation was enacted. Called the *Social Justice Act 2001*, it outlines a variety of affirmative action programmes with a view to exclusive advancement of indigenous Fijian interests. Its main features are: consolidate and enhance indigenous Fijian paramountcy; revamping indigenous Fijian administration so that its operations are fully autonomous of the central government; government to fully fund the indigenous Fijian administration; government financial assistance to the Native Land Trust Board; government to help funding Fijian Development Trust Fund and Education Fund; government to provide interest-free loans to Fijian Holdings Ltd and other indigenous Fijian investment companies to purchase shares in profitable companies; reservation of 50% of major licenses (import, taxi permits) and government contracts for indigenous Fijians; continuation of the Fiji Development Bank special subsidised loan scheme to indigenous Fijians; assistance to landowners taking up cane farming; small business agency to provide training and advisory services

and business information to indigenous Fijians; and government assistance to indigenous Fijians to buy freehold land.

These initiatives are operationalised through funds set aside in the state budget. The previous years' budgetary allocations for affirmative action, together with the new initiatives become the basis for future allocation for such purposes. As these initiatives are discriminatory in nature, a budget that promotes such initiatives gives a sense of the discriminatory policies and practices of the state. In this way state budgets become influential in constitution and reconstitution of race relations. In the next section we outline only three of the several cases demonstrating the unintended consequences of affirmative action initiatives in Fiji.

### Unintended Consequences of Affirmative Action: Cases

While there are few success stories about affirmative action in Fiji, instances of unsuccessful projects, poor governance and wastages are several. The experiences of various countries, including Fiji, show that affirmative action works in complex ways and is intertwined with economic, political and cultural factors (Ratuva, 2002: 131). The objectives are not achieved and those who have gained from such initiatives are mostly privileged individuals and groups linked to the established power structure. The first case relates to the failure of the Fiji Development Bank's Equity Investment and Management Company Limited (EIMCOL) programme; the second is about the Ministry of Agriculture's agricultural development assistance scheme, and the third relates to the Fijian Holdings Limited. Each case illustrates a different kind of a failure.

#### *The FDB's Equity Investment and Management Company Limited*

The Fiji Development Bank (FDB), a wholly owned government financial institution is fully committed to the implementation of affirmative action policies of the government. To enhance indigenous participation in commerce and industry, the Bank introduced EIMCOL, also known as the 'store management scheme' in 1989. Under this, indigenous Fijians were to be trained to own and operate retail stores. Practical experience was to be gained in management training of stores purchased by the FDB. After training, the stores were to be taken over by the selected managers to operate. The investment by the Bank on this initiative amounted to around \$5 million. The idea was borrowed from the Agricultural Bank of Papua New Guinea, where the scheme was judged as very successful. Initially, eight trainee managers were identified for the eight EIMCOL shops

acquired by the Bank, and upon successful completion of a three months training programme, each took charge of a shop. Detailed information on EIMCOL, to date, is publicly unavailable but a leaked Bank Board paper formed the basis of a media report on 12 March, 1996 (*The Fiji Times*). The paper showed that the EIMCOL scheme was a big failure. It outlined serious problems faced by each of the eight stores, and requested the FDB Board to freeze interest on loans on all the stores. By the end of 1990 two shops had run into financial difficulties and were sold by the FDB. The remaining shops did not last long and the properties were leased out but the rental income from them wasn't sufficient to cover the repayment of the principal sum. As a last resort they were put on mortgagee sales; the extent of write-offs is unknown. Interviews with at least four shop managers<sup>5</sup> revealed that they could not survive stiff local competition, and their position in the market was further weakened by constraints associated with Fijian tradition and communal way of life.

Communal way of life posing as a major constraint to indigenous business has been recognised widely. In 2000, Sutherland wrote:

At the heart of the 'Fijian' question is a longstanding indigenous Fijian concern about their economic backwardness. As early as 1959 an inquiry into the economic problems and prospects facing the indigenous Fijian people identified the root causes as the indigenous Fijian communal way of life and the system of 'Fijian Administration' instituted by the colonial state (2000: 206).<sup>6</sup>

The FDB's good intention of enhancing indigenous Fijian participation in commerce is more than offset by racial tensions. The Bank's 'Special Loans Division' (SLD) is a profit centre that makes funds available to indigenous Fijians and Rotumans on relaxed terms and conditions. The structure and the key performance indicators<sup>7</sup> (KPI's) of the division are very much 'indigenized' and its management accounting and control systems carry a different set of meanings in comparison to other profit centres within the Bank. As per the FDB's corporate plan for the years 1994

<sup>5</sup> Whereabouts of the others was not known to the author at the time of the research.

<sup>6</sup> Sutherland explains indigenous Fijian economic disadvantage in terms of 'subsistence affluence', their preference for 'leisurely' village lifestyle, a lack of entrepreneurship and capitalist discipline, communalistic as opposed to individualistic values, and a strong sense of traditional obligation (Sutherland, 1992, 2000).

<sup>7</sup> The FDB's profit centre portfolio performance is measured using eight primary indicators: arrears as a % of portfolio; provisions as a % of portfolio; write-off as a % of arrears; rescheduling as a % of arrears; current due collection rate; overdue collection rate; overall collection rate; and profit as a % of portfolio.

to 1998, the Special Loans Divisions' performance targets in key result areas were much lower in comparison to the targets of other profit centres and the Bank as a whole (1993: 28). It is, thus, argued that the management accounting and control systems of the FDB's Special Loans Division is a key player in producing and reproducing race relations.

#### *Agricultural Assistance Scheme*

The agricultural affirmative action programme for Fijians and Rotumans is another example of mismanagement of funds and a source of racial tension. The Ministry of Agriculture is required to play a pivotal role in the Fijian economy, providing critical and reciprocal linkages with all other sectors of the economy. The Ministry implemented what it called 'affirmative action' in 2000 for increasing indigenous Fijian and Rotuman participation in agriculture. Indigenous Fijians have traditionally been agriculturalists, though at the subsistence level. Under the scheme, indigenous Fijians were to receive any kind of conceivable financial and technological assistance that they asked for. Over \$16m was designated for this purpose. These funds had to be spent within the first 8 months of 2001 as a new election was scheduled for August. The government that put this scheme in place won the election. But it could not prevent an audit into it.

The audit was carried out in 2002 (Auditor General, 2002). The audit investigation revealed that there was no system of authorization, lack of forecasting and planning, poor channels of communication and co-ordination and no means of performance monitoring and control (AoG, 2002: 3). The audit noted that there were no standard selection criteria or documented procedures for selecting farmers for assistance and for monitoring them after assistance was provided. In the majority of cases, the Permanent Secretary, the Deputy Secretary and/or the principal accounts officers approved the applications without any technical assessment and evaluation by experts in the field located in various districts. There were many evidences of uneconomic purchases by the Ministry. Often no quotations were obtained; the investigation revealed that the majority of purchases were made from a single supplier whose prices on average were twice as much as in other hardware shops. The audit found that the Ministry acquired goods and services without issuing local purchase orders requiring authorization/approvals at different levels. Liabilities committed through such irregular practices ran into millions of dollars. This irregular practice was viewed as a deliberate attempt by the Ministry, particularly through the Principal Accounts Officer, to violate standard Government

procurement procedures, thereby opening avenues for abuses (AoG, 2002: 13). The special audit further revealed that some local purchase orders issued to suppliers were open, leaving room for manipulation by the supplier and/or the farmer, a practice contrary to the accepted procedures. The audit further noted that no stock registers were maintained for receipts books, cheque books, purchase orders and requisitions as they were sent direct to the divisions and centres by the printery, thus escalating misuse of funds. Finally, several evidences exist to support purchases of items not covered by the plan (for example, purchases of laptop computers, fax machines, power generators, air compressors, outboard engines, spray guns, etc.).

In summary, the audit report states that the senior officials of the Ministry of Agriculture should be held accountable for the financial mismanagement of the agricultural affirmative action plan, and should be charged under the *Public Service Act*: 'Without a doubt these officials demonstrated blatant disregard of the *Finance Act* and other policies and regulations of the government' (2002: 25) that resulted in mismanagement of \$25 million dollars of tax-payers money.

#### *The Fijian Holding Limited (FHL)*

The FHL is seen by many as a great success within the Fijian economy in enhancing indigenous Fijian participation in commerce and industry. The FHL was founded in 1984 in response to a call by the Great Council of chiefs for the establishment of an indigenous Fijian holding company. The core purpose of its existence was 'to accelerate the participation of indigenous Fijians in the corporate sector and in doing so enhance their socio-economic standing within the economy' (Fijian Holding Limited, 2003: 1). Its vision was to become the leading investment company in the South Pacific Region.

It is modelled on the lines of Malaysian *bhumiputera* investment body, *Permodalan Nasional Berhad*. Its shareholders include Provincial Councils, the Native Land Trust Board, the Fijian Affairs Board, Tikina and village groups, Fijian Co-operatives, individuals and family companies. The FHL is regarded as a successful company; this had to be so since it acquired shares in only established and profitable companies. The objective, as outlined in its corporate plan, was 'to increase Fijian participation in commerce ... through acquisition of equity in established, well-managed profitable companies with excellent prospects for growth'; the Company was to ensure that the 'benefit spread as widely as possible among the Fijian people' (FHL, 1994:1). By increasing its corporate

shareholding it intended to bring indigenous Fijians fully into the mainstream of the country's economic life. As part of affirmative action initiative, in 1989, the Government provided a \$20m interest-free loan, to be paid over twenty years, to the Fijian Affairs Board, which used the loan to buy shares in the FHL. This loan was later converted to a Government grant on the condition that the loan be converted into Fijian Affairs Board equity, of which \$14m worth of B class shares was to be transferred equally to each of the fourteen provinces while the balance of six million shares was to remain with the FAB.

The unintended consequences of affirmative action resulting from the FHL case are somewhat different from the previous two cases. The intention of the Great Council of Chiefs was to boost indigenous Fijian participation in commerce. However, this intention has not been honoured. Several private family-owned companies (with names carrying titles such as 'investment', 'associate', 'holdings' etc.), were formed within a short span of time in the 1980's and 1990's by influential indigenous Fijians, including some politicians and business executives<sup>8</sup>. Many of these companies acquired shares in the FHL, largely through FDB loans.

The 1992 Annual Report of the FHL revealed that 70% of non-provincial shareholding was by individuals and newly formed family-owned companies, while only 30% was held by indigenous Fijian institutions. The FHL shareholding clearly demonstrates majority ownership by an elite group of indigenous Fijians, who did not need state assistance to venture into commerce. Those who needed state assistance, remained largely out of the flow of this benefit stream. This is contrary to the intentions of the Great Council of Chiefs. Ratuva (2002: 134) argues that the principle foundation of the FHL is that of 'communal capitalism'. The FHL, being the Great Council of Chief's creation, was under the Chiefs' hegemonic guardianship. It was to symbolically represent the interests of the entire Fijian community. The shareholding of the company was communal, mobilized through the Provinces by the NLTB and the Fijian Affairs Board. By 1994, the FHL had interests in nine major companies in Fiji. Its paid-up capital grew from \$F1.2 million in 1985 to F\$27.5 million in 1994 and total assets in the same period rose from F\$1.3 million to F\$36.3 million. During 1990's dividend payments averaged 25%. Further, the \$20 million interest-free government loan in 1989 promoted dramatic expansions in 1990 to 1994. Certainly, as an investment company, the FHL has done relatively well but unfortunately represents only

<sup>8</sup> The current Prime Minister had also established a family holding company when he was a banking executive.

elite and chiefly Fijian interests (Ratuva, 2000). The FHL has served to 'reproduce the exploitive hegemony of a minority of elite ethnic Fijians within the state-chiefly alliance, and in so doing maintained the broad outlines of colonial native policy' (Ratuva, 2000: 247). Communal capitalism and the need for resources that it entails, becomes an arena for economic and political mobilization of ordinary Fijians by an elite group concerned with sustaining its own economic and political hegemony, thus deepening poverty amongst ethnic Fijians generally (Ratuva, 2000; Sepehri and Akram-Lodhi, 2000). As the lower limit placed on investment fund was F\$10,000, only the elite group of Fijians benefited, giving recognition to 'the principle of embourgeoisement which, behind the rhetoric, underpinned much of the economic affirmative action taking place on behalf of the ethnic Fijian community' (Ratuva, 2000: 240).

The FHL case clearly demonstrates that the benefits of state's affirmative action programmes have been concentrated in the hands of a few state bureaucrats, chiefs, and ethnic Fijian elite.

## Conclusion

In our daily interaction, we draw upon interpretive schemes (modalities) to make sense, understand and communicate meaning of actions and the world around us. A state budget is one such scheme or a modality which allows the preparers and the users to understand what is important for the state and what it wants to achieve. Creating budgetary provisions for affirmative action for one particular group in a society which is segregated on racial lines, reproduces and intensifies race relations. The budget, thus, gives legitimacy to race and its reconstitution. Race and race relations can be sensed in the Fijian state budget that allocates significant amounts annually to resolve racial differences in the country.

Budgets are not objective and neutral tools for resource allocation; instead, intertwined with the political processes that characterise social life, it reproduces the biases on which it is created. With command and control over the budget, it becomes a very important authoritative resource that the state uses to exercise power, control and discharge accountability. Budgetary provisions for affirmative action communicate a set of values and ideals about what are considered important, approved and those that are not important or approved. The budget incorporates values of the dominant group i.e. those in power on what it regards as virtue or vice and what ought to happen and what not ought to happen. A budget, therefore, is more than a rational reflection of a technical reality. It is a social construct, complicit in the construction of social reality.

The state budgetary process, with allocations for affirmative action, is a mechanism through which interests on racial lines are negotiated, justified and articulated. The main objective of affirmative action in Fiji is to allow for equality of access to opportunities for indigenous Fijians. But evidence demonstrates the unintended consequences through intended actions of purposive, self-interested human actors. Actions such as these not only intensify intra-ethnic tensions but also inter-ethnic tensions.

Moral justification for affirmative action in several countries has come about on the grounds of inequality. But evidence shows that such initiatives are usually driven by political motives, garbed as initiatives aimed at promoting the interests of a particular ethnic group. In Fiji, the concept of equality remains problematic, and the methods used to accomplish the aims of affirmative action are contentious. For example, there is no national consensus that indigenous Fijians, as a group, comprise a disadvantaged ethnic group. Further, the three Fijian case studies examined in this paper illustrate that monitoring and accountability of public funds for affirmative action did not incorporate values of good governance.

The actual practice of budgeting is implicated with the furtherance of many and very different sets of social, political and economic needs. Through the annual state budget, based on normal accounting rules and principles, but with budgetary provisions for affirmative action, the Fijian state is able to intervene, design and implement policies that favour indigenous Fijians and Rotumans over all others. The economic calculations for affirmative action provided in the state budget become the basis for allocation of future resources and consolidation of race-based policies that further deteriorates race relations.

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**Ruvendra Nandan** is Senior Lecturer in the Department of Accounting and Finance, Monash University, Berwick Campus, Melbourne, Australia.  
Email: Ruvendra.Nandan@BusEco.monash.edu.au