

**Accounting and the Reproduction of Race Relations in Fiji: A Discourse  
On Race and Accounting in Colonial Context**

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**Key Words**

Accounting, Race, Reproduction, Colonialism, Capitalism, Lease Rentals, State Budgetary Allocations, Affirmative Action, Fijians, Indo-Fijians.

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## **Accounting and the Reproduction of Race Relations in Fiji: A Discourse On Accounting and Race in Colonial Context**

### **Abstract**

This study analyses the role of accounting related issues in the production and reproduction of racial tensions in Fiji, and explores the impact of colonial discourses on the debates. By way of illustration, two historically constituted accounting related practices have been identified that demonstrate how accounting and race relations in Fiji are intertwined. These are rental income on native land operating leases and the government's budgetary allocations for affirmative action programmes in favour of indigenous Fijians and Rotumans<sup>1</sup>. There is hardly a more universal complaint among Fijian landowners than that they receive unfairly low rental income from their land leased to Indo-Fijian tenants which aggravates race relations between indigenous Fijians<sup>2</sup> and Indo-Fijians. Further, the objectives of the Government on affirmative action being in dispute, it is argued that the annual Government budget is a tool often used to articulate and promote racial differences in Fiji.

### **1 Introduction**

'.... A theory of human nature. Human nature is such that it is natural to form a bounded community, a nation, aware of its differences from other nations. They are not better or worse. But feelings of antagonism will be aroused if outsiders are admitted ..... Each community is a common expression of human nature; all of us form exclusive communities on the basis of shared sentiments, shutting out outsiders' (Barker, 1981: 21 – 22).

'.... in order to treat all persons equally, to provide genuine equality of opportunity, society must give more attention to those with fewer native assets and to those born into the less favourable social positions' (Rawls, 1972: 100)

In Fiji the origin of racial tensions date back to the period of colonialism (1874 to 1970) and these have been escalating since then. Prior to colonial rule, as demonstrated in most of the historical writings to date, Fijian society was composed of warring chiefdoms involved in tribal wars and historical accounts are full of tales of hostility and unrest (France, 1969; Derrick, 1974, Sutherland, 1992). Traditional Fijian societies were organized along communalistic lines and the chief-commoner relationship was crucial in maintaining unity and cohesion. Chiefs provided protection and subjects reciprocated

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<sup>1</sup> The people of the island of Rotuma annexed to Fiji.

<sup>2</sup> Fijians refer to indigenous persons who have descended from the original inhabitants of Fiji while Indo Fijians refer to descendants of persons who came to Fiji from India.

with deference and material tribute (Sutherland, 1992: 8). The first seeds of capitalism were sown in Fiji with the arrival of European sandalwood traders in the early 19<sup>th</sup> century, and later by cultivation of commercial crops such as copra, cotton and sugar cane (Norton, 1977; Sutherland, 1992). As the white bourgeoisie began to shape Fiji's history in terms of private ownership and profit, they put immense pressure on precapitalist Fijian social relations based on communalism, which found it very difficult and unable to cope up with. The increase in land alienation in 1860's, various unscrupulous acts of plantation capital, coupled with the demise of the Cakabau<sup>3</sup> government gave rise to an intolerable situation that led to calls by chiefs, mostly from the eastern part of the country, for Britain, to colonise Fiji (ibid). With annexation<sup>4</sup> in 1874 came the process of structural transformation, in particular the development of capitalism dominated by Australian capital in the sugar industry and indenturing of cheap labour from India to work on sugar cane plantations. It is since the introduction of indenture system, Fiji's population became raced. Feelings of antagonism between the indigenous Fijians and the Indo-Fijians resulted as a result of the introduction of the latter, in line with the quote from Barker (1981) with which this paper begins. The military coup in 1987 and the civilian coup in 2000 to regain political control by Fijians, have worsened race relations.

Racism in Fiji has colonial roots and racial tensions are reproduced in everyday interaction in the postmodern Fiji (Sutherland, 1992). Gordon<sup>5</sup> saw indigenous Fijians 'emerging from a state of savage barbarism and incapable of coping with the rigours of modern civilization' (ibid: 26), and therefore, his system of native administration gave the 'appearance' of protecting them. As a way of protection, they were to remain in their villages and preserve their communal way of life. What Gordon saw as protection was in fact a different kind of exploitation of Fijians, the discussion of which remains beyond the scope of this study. The legacy of this colonial practice is visible today in form of affirmative action and Blueprint initiatives for indigenous Fijians and Rotumans. As such initiatives are not available to other racial groups who are equally disadvantaged, we argue on the grounds of justice and fairness, that they are modalities that are often drawn upon in the constitution and reconstitution of race relations in Fiji. Further, there is longstanding and widely held conviction among Fijians that power in the state rightly belongs to them as 'the people of the land'. The other conviction being 'Fiji for Fijians' and Indo Fijians, being 'vulagis'<sup>6</sup>, there are frequent calls by Fijian extremists/nationalists for their repatriation (Norton, 1977; Robertson, 2000; Sutherland, 1992). Apart from the above, Indo-Fijians have been portrayed from time to time as 'cunning, wealthy, greedy and ungrateful' (Robertson, 2000: 274). These nuances escalate racial tensions which is currently at its height, and is better understood in wider historical, political and social contexts.

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<sup>3</sup> A high ranking Eastern chief and the King of Bau.

<sup>4</sup> Fiji was ceded to Great Britain on 10 October 1874.

<sup>5</sup> Sir Arthur Gordon arrived in Fiji in 1875 as the first substantive colonial governor.

<sup>6</sup> Refers to visitors/guests whose presence in the family, community or country is only temporary.

Drawing upon Fijian illustrations, we argue that accounting is implicated in race relations and provide for the latter's reconstitution. Accounting related issues dominated pre-colonial and colonial Fijian history, and they continue to play a dominant role in today's Fijian political economy. For example, the American debt<sup>7</sup>, a liability item on Cakabau Government's Balance Sheet, among other reasons, contributed significantly of Fiji's annexation to the British Crown and subsequent indenturing of Indians to work for an Australian capitalist - the Colonial Sugar Refining Company, (CSR). The various Acts of the Parliament and Ordinances that originated during the colonial rule, have present day existence (Sutherland, 1992), and demand every year, greater share of the national budget for affirmative action in favour of indigenous Fijians and Rotumans. Fijian landowners perceive their share of native land rental income paid by Indo-Fijian tenants as inadequate. Rent is determined using an accounting-based formula and it plays an important role in the intensification of race relations in Fiji. As a way of another recent illustration, George Speight's<sup>8</sup> involvement in several fraudulent financial schemes in the USA and Australia helped to shape the events leading up to his seizure of parliament and kidnapping of the elected government of Fiji on 19 May 2000 in a civilian coup (Fossen, 2001) but remains beyond the scope of this paper.

Given space constraints, the focus of this paper is however, on rental income on operating native land leases and budgetary allocations for affirmative action programmes in favour of indigenous Fijians and Rotumans. They have been selected for this study, as their roles in the production and reproduction of racial tensions in Fiji have been very significant. While rent per se is an economic concept, its formula-based determination<sup>9</sup>, allocation process, disclosure and uses in decision-making by different parties are all equally important accounting issues as well. Cost and revenue allocations in accounting have always been a tensional issue and, while the former has received a lot of attention in management accounting and control systems literature, discussions on the latter still remain somewhat limited. In Fiji, 85% of the land is owned by Fijians in communal ownership and the majority of the tenants are Indo-Fijians, hence race is entwined with leasing. In spite of constitutional guaranteed ownership, Fijians see leasing arrangements of their land as a threat to losing it to Indo-Fijian. What aggravates race relations is that Fijian landowners have always seen the rental income, determined on the basis of accounting rules, as inadequate. In this way we argue that race and accounting are

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<sup>7</sup> In 1867 Cakabau signed an agreement to settle the claims of American citizens in Fiji amounting to some nine thousand pounds in four equal instalments (France, 1969).

<sup>8</sup> The leader of the May 19, 2000 civilian coup in Fiji. Beneath the rhetoric of upholding Fijian paramountcy through a civilian coup lay George Speight's white collar crimes such as embezzlement of investment and insurance funds and forestry scandals. The very next day after the coup, the Fijian court was to meet to hear one of his criminal offences.

<sup>9</sup> Rent on native leases is based on a percentage (6%) of unimproved capital value (UCV) of the land defined as the market value of the land assuming that any improvements made by the tenants or acquired by the tenant had not been made (Agricultural Landlord and Tenant Act, 1976, Sec. 40). UCV is assessed every 5 years by a group of independent valuers.

entwined. Further, a budget (be it for an enterprise or a nation state) is more than just a narrow quantitative accounting tool of a proposed plan of action. It is the primary means by which nation state and organizations allocate scarce resources to achieve their social, political and economic goals. Budgets have multiple roles, some of which accord with a traditional view of being a rational device (Anthony, 1965), while other roles focus on power, politics and symbolism of a nation/state and organizations to legitimize actions (Cyert and March, 1963; Burchell et al. 1980; Covaleski and Dirsmith, 1986, 1988; Hopwood, 1989). Budgets are the source of power and the medium through which power is exercised to achieve goals. It is the medium as well as the outcome of societal and organizational interaction process. We argue that a nation/state budget, as an accounting modality, is entwined with the political struggles that characterize a nation/state, and by making provisions for affirmative action programmes, it becomes a key player in the production and reproduction of race relations (Macintosh and Scapens, 1990).

The remainder of the paper is organised along the following lines. Section 2 reviews the literature on Race and Accounting. Section 3 examines the concept of 'race' in colonial context and highlights the difficulties associated with its use. In section 4, a brief description of race and race-related tensions in Fiji is provided. Sections 5 and 6 provide an analysis of two accounting related issues/practices and their involvement in production and reproduction of race relations in Fiji. These are operating lease rentals on native land and various affirmative action programmes of previous and the current government in power. In section 7 the unintended consequences affirmative programmes are discussed by way of three case illustrations. Finally section 8 contains a summary and discussion of issues raised in the paper and their links with accounting.

## **2. Literature on Race and Accounting**

Burchell et al. (1980: 22) in their 'discussion of the organizational and social roles of accounting identified an area of enormous and largely uncharted complexity' and 'have attempted to show that actual practice of accounting can be implicated with the furtherance of many and very different sets of human and social ends'. Roles of accounting (corporate rolling plans and annual budgets) arise, among others, as 'ammunition machines' by which and through which interested parties seek to promote and consolidate their own particular positions and interests (Burchell et al. 1980, Macintosh, 1994). One area where accounting lacks scholastic achievements is its involvement in producing and reproducing race relations and this remains the focus of this study. Fleischman (2000: 9) argues that while issues pertaining to conflictual economic classes, gender and ethnic minorities appear in published works, there has been very little work done on the deployment of accounting in support of a racist regime and or race relations. To date, 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; Annette, 2000, Annette, 2003). These studies demonstrate how race became enrolled in professional accountancy, leading to exclusion and under-representation of persons socially defined as 'black'. Mitchell and Flintall's 1990 study reported .15% black CPAs in the USA in 1968, which increased to .3% in 1975 and .6%

in 1989. In spite of their call to the American accounting profession to make available real opportunities for black CPAs, the latter still represent less than 1 % of all CPAs in the USA. More recent works of Theresa Hammond and Marcia Annisette have broken the relative silence in academic literature by illustrating the manner in which race became entwined with professional accountancy. Hammond and Streeter (1994: 285) challenged whether public accounting firms in the USA provided equal opportunity to African Americans, and the results demonstrated that the latter were actively excluded from full participation in professional accounting during the last century. This study focused on the period prior to passage of the *Civil Rights Act of 1964* but reiterated through later studies that African American still faced barriers in hiring and promotion in public accounting practice. Hammond (1997: 48) found that the US public accounting industry did comply with changed social expectations for a while and made visible efforts to recruit African Americans. However, these programmes did not persist and proliferate into the 1980s, indicating a decline in equal treatment of African Americans by US public accounting firms. This led the author to conclude that the public accounting field (in the US) still is not comprised of the 'public' whose interests it purports to represent (ibid: 49). Annisette (2000), by locating professionalisation within the wider context of imperialism, explains at length the dominance of British accounting profession in the education and certification of professional accountants in Trinidad and Tobago, a process that was successfully managed by elite accountants to exclude individuals (undesirables) from membership on the basis of social variables such as class, gender, nationality and race from accounting practice. In another recent study, Annisette (2003: 668), in the context of Trinidad and Tobago, demonstrate that 'race was a major operative agent in the social functioning of accountancy', leading to exclusion or limited participation of Afro and Indo Trinidadians who constituted 80% of the country's population. This study not only illustrates the unique forms in which exclusions occur, but explains the continued significance of race in the Trinidad and Tobago's accounting industry, including implications for the global accountancy profession.

In summary, while Hammond's studies focused on exclusion and under-representation of minorities within accounting profession in the US, Annisette (2003) illustrated how race had been deployed to bring about majority exclusion and under-representation in Trinidad and Tobago. These studies argue that very little effort has been made to bring about fair employment practices, and Hammond (1997: 49) concludes that 'the public accounting field still is not comprised of the 'public' whose interests it purports to represent. In another recent study, Kim (2004) reports on the experiences of Chinese accountants in the New Zealand accounting profession to understand better the continuities and discontinuities of colonialism/imperialism and their impact on the lives of certain groups of people whose voices have been suppressed. The findings of this study suggest the existence of ongoing imperialism against the Chinese, and argue that the politics of 'difference' has been quite successful in keeping them 'in their place' leading to their exclusion from the center of power structure within the New Zealand accountancy profession (ibid: 96).

Fleischman and Tyson (2000) explored the interface of race and accounting on Hawaiian sugar plantations during the 1835 to 1920 period. They reviewed the accounting

techniques used on the plantations and provided examples of employment of racist policies in controlling labour, productivity and costs. However, they did not find records on individual – specific productivity performance and concluded that race rather than efficiency served as the primary measuring calculus of plantation work (ibid: 28). In another recent study, Fleischman and Tyson (2004) adopted a more critical perspective of accounting's past and examined its particular role in the commodification, objectification and dehumanization of an entire class of people (slaves) for more than 200 years. The study illustrated how accounting served slavery and its institutions through measurement, valuation and classification techniques that completely ignored the qualitative and human dimensions of slavery. Neu (2000: 177), drawing upon Foucault (1991), argues that government employed (accounting) 'tactics to arrange things in such a way that certain ends are achieved'. His study focused on how accounting techniques functioned as a software of imperialism and technology of ruling government to change the relationship of indigenous people to their land.. With regard to accounting's involvement in race relations, Davie's (2002: 5) case study of the Fijian Pine Industry demonstrates how 'invention of new afforestation accounting practices help to create and perpetuate differentiating, racialised identities of social and economic relations'. The findings of this study suggest that affirmative action policies and initiatives constitute a form of racism. It is envisaged that the above and this exploratory study in Fijian context will raise several issues about the interface of race and accounting that will hopefully be addressed in future research. Apart from the above pioneering works, researchers in accounting have remained silent on the issue of accounting and race. This study, while drawing upon the notion of race, is different from the ones above, for it examines how accounting rules, techniques and routines are drawn upon in the production and reproduction of race relations in colonial context.

### **3. Race, Colonialism and Affirmative Action**

Concepts such as race, gender, caste and other ascriptive identities including affirmative action policies for disadvantaged groups are understood in many different ways. The concept of 'race' has an everyday use, many everyday meanings, and hence been quite confusing (Van den Berghe, 1978, Rex, 1982, 1986, Miles, 1989, Solomos and Back, 1996; Loomba, 1998, Miles and Brown, 2003), and sociologists to date are 'still wrestling with its use as a unit of sociological analysis' (Annissette, 2003: 643). With many different connotations of race, it is clear that people are not even talking about the same thing (Solomos and Back, 1996: 3) which makes it difficult to provide a detailed account of this field of enquiry. Yet this is what we are doing in this section on the understanding that our account of key issues is provisional and limited to the objectives of this study. From the root word race come two terms closely allied and often used interchangeably. These are racism and racialism. Racism assumes inherent racial superiority or the purity and superiority of certain races. It also denotes any doctrine or programme of racial domination based on such an assumption. Less specifically, it refers to racial hatred and discrimination. Racialism goes far beyond the biological sense of race. It utilizes the word pseudo-scientifically for specific political and economic purposes. It is, unfortunately, suffused with myth and fallacy.

For the past three decades or so theoretical, social and political debates have raged over the status of race and racism as social and analytical concepts. But the dominant meaning of race is generally associated with the attribution of people as groups identified on the basis of 'descent', 'somatic', 'visibility', and 'physical phenotypes'. As argued by Van den Berghe (1967: 9) physical anthropologists focused on various sub-species of homo sapiens characterized by certain phenotypical and genotypical traits. Laymen have used the term to describe a human group that shared certain cultural characteristics such as language and religion, while some have used it loosely for species (human race). Many social scientists have used the term to mean 'a human group that defines itself and/or is defined by other groups as different from other groups by virtue of innate and immutable physical characteristics (Van den Berghe, 1967: 9). And 'these physical characteristics are in turn believed to be intrinsically related to moral, intellectual, and other non-physical attributes or abilities' (ibid).

Much of the debate has also been around why the notion of race is still widely used when there is a shared understanding among social science researchers that 'races' as such do not exist (Solomon and Back, 1996: 1). The majority argue that the concept should be bracketed each time it is used. Hence, one way of approaching the delicate topic of 'race', as many have done, is to ignore it altogether and substitute instead the term 'ethnicity' as this refers to cultural rather than physical or allegedly 'natural' differences between groups. Ethnicity is a broader concept, often embraced as something positive, while race more often arouses suspicion and skepticism. Many writers frame the word 'race' within quote marks in order to signal the mutability and constructedness of race. Loomba (1998: 122) argues that 'despite the fact that racial classification may be at several levels, a delusion and a myth, we need to remember that it is all too real in its pernicious social effects'. Similarly, Miles (1989; Miles and Brown, 2003) in *Racism*, as principle objective, sets out a case for the continued use of the concept of racism in sociological analysis through a historical review of the origin and usage of the concept, and a critical evaluation of recent attempts to theorise it.

The *American Heritage Dictionary* speculates that the word 'race' may have come from the Latin, *ratio*, meaning 'a reckoning', 'account'. Given this interpretation, it is not difficult to relate the concept to accounting, for accounting and accountability go hand in hand. Card (1999: 258) questions: what accounts? what reckonings? and, rendered by whom to whom? One possible explanation is that the reckonings or accounts of the conquered were produced by the conquerors, thus embedding their own biases to the concept of race. Another possible answer, however, is that the reckoning or account refers to one's own records of one's ancestors, handed down to one's descendants, documenting their heritage. This interpretation suggests an internal view of race, that is, a conception applied first of all to oneself. For example, in Fiji the colonial rulers officially categorized the country's population into different racial groups such as European, Part-European, Fijian, Rotuman, Indian, Chinese and so on. Separate registers for births, marriages and deaths were, and are still maintained for different racial groups, and all government documentations such as civil service job application forms, medical records, immigration records, driving licence, among others, require information on race of an individual.



Another major influence on the development of sociology of race can be found in the works of John Rex who has made the most sustained effort to introduce a class perspective to the study of race relations. His analytic model of the definition of social relations as race relations is encouraged by the existence of certain structural conditions: for example, frontier situations of conflict over scarce resources, the existence of unfree, indentured, or slave labour, harsh class exploitation, differential access to power and prestige, cultural diversity and limited group interaction, and migrant labour as an underclass fulfilling stigmatized roles in a metropolitan setting (Rex, 1986). From this perspective the study of race relations is concerned with situations in which such structured conditions interacted with actors' definition in such a way to produce a racially structured social reality. Rex (1982: 199) argues that there are three elements that are necessary and sufficient to characterize a situation as a 'race' relations situation. These are that there should be a situation of abnormally harsh exploitation, coercion or competition, that this relationship should be between groups so that an individual could not simply choose to move himself or his children from one group to another, and that the system should be justified in terms of some sort of deterministic theory, usually of a biological sort. This definition differs from that given by Van den Berghe (1967) which characterized race relations situations as those in which phenotypical differences were made the basis for invidious distinctions and that of Banton (1967, 1998) who saw race as one amongst a number of possible role signs. The latter, in his text, *Racial Theories*, provides a comprehensive account of the different uses of the concept and discusses race as a designation, lineage, type, subspecies, status, class and social construct. The definition offered by Rex has advantages in that it focuses on coercion and exploitation, for there is no such thing as 'good race relations'. It is argued that issues of race rise to consciousness only in conflict situations. Further, it links situations where physical appearance is the basis of distinction, but at the same time excludes those situations where physical differences play only a benign role (Rex, 1982). Rex (1982: 200) further argues that there are broadly two types of situations in which race relation problems are thought to exist. Firstly, colonial situations, especially those arising from the expansion of European capitalist powers abroad, and secondly, situations in which poor migrants and refugees seek to enter the labour market in the capitalist metropolis. This study theorises race relations in Fiji using theoretical underpinnings as advocated by John Rex under the first situation.

Since early 1980s there has been an emergence of a number of substantial criticisms on race relations, particularly from a neo-Marxist perspective that stimulated new areas of debate. A theoretical critique of approaches of Michael Banton and John Rex can be found in works of Robert Miles. The starting point of Miles' critique was his opposition to the existence of a sociology of race, and his view that the object of analysis should be racism, a core element in the process of wealth accumulation (Miles, 1986). Drawing upon empirical evidences from Europe, he focused on the role of political, class, and ideological relationships in shaping our understanding of racial conflict and change in those societies. For Miles the idea of race refers to a human construct, an ideology with regulatory power within society. While Rex is concerned with models of social action, Miles' focus has been on the analytical and objective status of race as a basis of action

(Solomos and Back, 1996). Miles' insistence that racial differentiations are always created in the context of class differentiation (Miles, 1989, Solomos and Back, 1996.) is a core feature of his critique of works of Banton and Rex. His greatest contribution being his insistence that races are created within the context of political and social regulation (ibid). However, as argued by Solomos and Back, Miles' views result 'in a kind of class reductionism which ultimately limits the scope of theoretical work on conceptualizing racism and racialised social relations'(1996: 9).

Miles (1989) and Miles and Brown (2003) argue in support of a more dialectical analysis in the form of duality as opposed to dualism in the analyses of race relations. They saw the relationship between racial ideologies and exploitation of labour as dialectical, with racial assumptions both arising out of, and structuring economic exploitation. For example, capitalism was installed in many British colonies through the enforced labour of indigenous people and or cheap labour brought in from elsewhere. In South Africa, capitalism was facilitated by the enforced labour and exploitation of Bantu peoples. In Fiji, Australian-owned sugar industry flourished through the enforced labour and exploitation of Indian people brought into the country from India under the indenture system. Accounting played a key role in this process. Narsey (1979) documented enough evidence to provide support for exploitation of the worst kind through colonial policies, and the role of accounting in ensuring super-profits for monopoly capital, the CSR. These in the context of race, class and related tensions are discussed in more detail in section 4.

Debates on racism remain incomplete without any reference to developments in 'new racism' and it is to this that we now briefly turn to. Solomos and Back (1996) argue that the debates of 1980s on racism have not been able to cope up with the complexities of theorizing racism in the 1990s, hence there was a move away from Marxism to the concerns of post-structuralism and postmodernism (Barker, 1981, Goldberg, 1993). Barker's (1981) concept of 'new racism' mostly drew upon political discourse of 1970s within the British context where immigration grew in size that threatened to swamp the culture of their own people. New racism asserted that it was natural for people to prefer to live among their own kind, and therefore, to discriminate against those not considered part of that community (Barker, 1981). The quote with which this paper begins summarises well the crux of new racism that emerged in Britain in mid 1970s, the consequences of which led to reproduction of blackness and Englishness as mutually exclusive categories (Gilroy, 1987; Solomos and Back, 1996). One of the weaknesses of new racism is that it has not attempted to look at how these ideological forms manifest themselves within specific social and political contexts. The question remains is how pervasive is the new racism? Or how do these national discourses relate to the specifics of a particular social context (Solomos and Back, 1996).

To end this section, we draw some links between race and affirmative action. The term 'affirmative action' has US origin, tracing its roots to the Civil rights Act of 1964 (Title VII as amended in 1972) 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 (see for example Weiss, 1997 for a comprehensive history

of affirmative action in the US). 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 (Edmonds, 1994: 22; 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, Jr., 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 action 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 (ibid). 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'. Finally, Sowell (1996) went on to argue in the US context that affirmative action programmes stigmatise its intended beneficiaries by implying that they are less competent and cause white resentment towards black, thereby reproducing racial hatred.

#### **4. Race and Race-Related Tensions in Fiji**

Fiji is an archipelago of some 300 islands (excluding tiny off-shore islands and atolls) scattered over a vast area of the South Pacific. Its diverse population of around 820,000 people is composed of two principle groups – indigenous Fijians and Indo-Fijians who represent roughly 50% and 43% of the country's population respectively. Straddling the cultural areas of Melanesia and Polynesia, Fiji's indigenous population is often classified as either Melanesian or Polynesian with influences from both major groups. The local

Indo-Fijian population is primarily descendants of *girmitias*<sup>10</sup>. The remaining 7% of the population consists of Europeans, part-Europeans, Chinese, Rotumans, Solomon Islanders, Banabans and a small number of other Pacific Islanders.

The British colonizers arrived in most of their colonies with a discourse of race and exploitation of the native population (Miles, 1989; Loomba, 1998) and Fiji was no exception. In Kenya, the Africans were ranked at the bottom of a scale of 'civilisation' by the Europeans, and an employee of the Imperial British East Africa Company claimed that 'the ability to administer native races is one of the heritages of our race in which we may have just pride' (cited in Miles, 1989: 102, also Sorrenson, 1968: 242). In Fiji, behind the myths of Fijian protection and outward appearance of easy-going village lifestyle laid overt and covert forms of exploitation of Fijian labour, very different from those of Indo-Fijian exploitation (Sutherland, 1992). With the enactment of Native Affairs Regulations in 1876 by the first colonial governor, the system of native administration came into being that virtually covered every aspect of Fijian life. The system of native administration with tiered communal structure<sup>11</sup> confined Fijians to a 'subsistence sector' where they languished under unprogressive traditional practices and therefore, were unable to participate adequately in modern monetary or commercial sector (Sutherland, 1992). To this day Fijians remain marginalised in commerce and industry. As the focus of this study is on race relations between Fijians and Indo-Fijians, the exploitation of Fijian labour by the colonial power remains beyond discussion here.

The colonial experiences of the islands in the South Pacific did not begin until the nineteenth century. The remoteness of the islands protected the region from the earlier phases of European colonial expansion. The navigational risks of the reef-strewn seas of the region coupled with the hostility, cannibalism and perceived savagery of the population also discouraged contact until greater force became available or until the islanders learnt of the power that lay behind the individual vessels arriving from unknown outer world with muskets and other foreign goods (Brookfield, 1972). In Fiji tribal conflict, regional tensions and chiefly rivalries existed before contacts were made with Europeans but these deep-rooted tensions generally remain masked by the politics of race (Sutherland, 1992). The politics of race is more overt while the critical intra-Fijian struggles (between chiefs, between tribes, between commoners and chiefs, between Eastern and Western Fijians and urban and rural Fijians) remain covert. The focus of this paper is on the former while the latter provides scope for future research.

Fiji's annexation to Great Britain on 10th October 1874 under a Deed of Cession<sup>12</sup> was, as claimed by several historians, to protect the Fijian land from any further alienation and

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<sup>10</sup> Indian indentured labourers who arrived under a contract (agreement) during the period 1874 to 1916 to work on sugar cane plantations.

<sup>11</sup> At the bottom were the villages, grouped into districts which in turn were grouped into provinces directly responsible to the governor. At the apex of the traditional Fijian hierarchy was the Great Council of Chiefs.

<sup>12</sup> A treaty signed between the leading Fijian chiefs and the British Government whereby Fiji became a British Crown colony.

to preserve the Fijian communal way of life. At least three policies were identified and implemented by the colonial administration to protect the Fijian population, their land and customs (Norton, 1977: 7). These colonial policies form the roots of affirmative action programmes for Fijians and Rotumans. Firstly, all unalienated land was to remain under Fijian communal ownership, a policy, that we argue is contradictory to, and curtailing the economic development of the island nation. Since then land issues in Fiji have remained sensitive, fragile and politically charged. The second policy was the use of migrant or 'imported' labour as a substitute for Fijian workers to work for Australian sugar capitalist, the CSR. Based on 'Indian' success stories in other colonies the majority was recruited from India between 1879 when indentureship was inaugurated and in 1916 when it was terminated, some sixty thousand Indians were brought into the country. Most chose to stay upon expiry of their labour contracts as legal residents with privileges in no way inferior to those of any other class. Since then the Indo-Fijian population grew steadily and by 1945 outnumbered the Fijians. The political upheavals of 1987, 2000 and continued instability and uncertainty in the country have led to a decline in Indo Fijian population to about 43% in 2003. Narsey (1979: 98) argued that the CSR made 'superprofits'<sup>13</sup> in excess of thirteen million pounds between 1914 and 1923 in comparison to 3.7 million pounds for its Australian operations during the same period. The results of the CSR's Fiji operations are suggestive of how important Fiji was for the CSR. During the 1914 – 1924 period the CSR enjoyed the most spectacular monetary success in its history, the burden of which was solely borne by the Indo Fijian masses with low wages and cane prices that locked them into lives of hardship and misery (ibid.). Narsey further argued that white racism actively exploited non-whites by enforcing wages, incomes and overall standard of living that whites themselves would not expect nor impose on themselves. The actions of the colonial government in Fiji facilitated appropriation of surplus by the CSR for repatriation and not for growth or diversity of development within the country. Throughout the history of confrontation between the Indo-Fijian cane farmers and the CSR as a result of low wages and harsh working conditions, the actions and decisions of the colonial government with the support of the Fijian chiefs, went strongly against the cane farmers. The colonial government sowed the seeds of racism in Fiji and removed from attention the CSR who was reaping superprofits (Narsey, 1979; Sutherland, 1992). In this way 'racism became absolutely central to capitalist profit' (Sutherland, 1992: 36) derived using accounting rules.

The third policy was the establishment of a separate Native Fijian Administration through which the colonist governed the Fijians indirectly. With this structure, the chiefs governed their people and substantially preserved the traditional Fijian way of life. The traditional hierarchical system (The Great Council of Chiefs, Provincial Councils, District Councils and Village Councils) virtually established a state within a state and continues

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<sup>13</sup> During 1914 to 1923, the CSR profit from Fiji operations exceeded 13 million pounds. For the same period, the Australian parent company earned 3.7 million pounds. The average wages per day for the same period for an indentured Indian in Fiji was 6 shillings per day comprising 9 hours, whereas a white Australian earned four times more (two pounds) for the same kind of work.(Narsey, 1979: 94 – 95).

to have present day existence. It is argued that what the colonial administration saw as an enablement for the Fijians is also a severe structural constraint, for it did not prepare the Fijians to compete with Indians and Europeans once their circle of interaction had enlarged beyond the village, thus institutionalizing Fijian economic inferiority. Being unable to penetrate the business sector, Fijians regarded and still regard the government bureaucracy and the civil service as their domain. The above three policies go a long way to explain the rationale for affirmative action in favour of Fijians and Rotumans.

Racial tensions between the indigenous Fijians and the descendants of Indians immigrants (Indo-Fijians) have been rising in Fiji since the 1987 coup (Sutherland, 1992, 2000; Norton, 2002). Since the early years of Indo-Fijian settlement (1874 to 1916), it was the intention of the colonial rulers to keep the two races segregated so as to maintain the distinct Fijian community and identity (Norton, 2002). Every step was taken to ensure the two races did not mix and mingle and this was achieved by placing restrictions on Indo-Fijian settlements away from Fijian villages and educating children in schools segregated on racial lines. The Fijian communal way of life in villages, lack of integration in school system, and indigenous Fijians' dominance in the army are clearly evident even today and continue to provide for the reconstitution of race relations. Apart from these, the land tenure system, pro-Fijian Acts of the Parliament, the Fijian constitution and affirmative action programmes are drawn upon in everyday interaction thus reproducing the deteriorating race relations. Cultural features also separate the two major communities. While English is the cross-communal language, Indo-Fijians speak Hindustani and Fijians communicate in their indigenous language. Inter-marriages between Fijians and Indians are still practically non-existent. These segmentations are better understood as colonial legacies (discussed earlier) that are reconstituted in everyday interaction.

Several privileges are extended to the Fijians at the expense of other races. The affirmative action include 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 provision for Fijian scholarships for tertiary level studies. As the above initiatives are implemented through the yearly state budget, we argue that it is an 'important accounting modality' (Macintosh and Scapens (1990) enrolled in the production and reproduction of race relations in Fiji. Both Fijians and Indo-Fijians suffered different kinds of exploitation during colonial rule, and more so, the latter have been completely deprived of native assets such as land, forest, and sea resources and so on, and 'born into the less favourable social positions'. Thus drawing upon Rawls (1972: 100) we argue that affirmative action programmes should be made available to all the disadvantaged groups of the society. Before addressing the issue of native land lease rentals, it is imperative that the complex Fijian land structure is understood well, and it is to this that the paper now turns.

## **5. Native Land Structure and Native Lease Rentals**

A brief historical background on Fijian land issues is given below to enable a better understanding of its leasing arrangements. Fijians regard land or 'qele' or 'vanua' as

having a deep-rooted cultural significance and special meaning, embodying the very essence of their identity, culture, customs and traditions, and their very existence as a community. Fearing its alienation to the early European settlers, Fiji was ceded to avoid being swallowed by 'a bad lot of white stalkers on the beach ... will open their maws and swallow us' (Qarikau, 2001: 2).

Structural contradictions associated with Fijian native land (economic development vs. communal ownership) are perhaps the most significant in Fijian – Indo Fijian conflict (Alam et al. 2004). Disabling the two structural principles of this contradiction remain the most difficult issue to be address in contemporary Fiji. Fijians own the majority of the country's land under a system of traditional communal ownership tenure that prohibits private individual alienation to non-Fijians. The freezing of the tenure pattern has bequeathed a legacy of widespread disparities in land ownership. Fijians now constitute about 51% of the population and retain ownership of about 85 %<sup>14</sup> of the total land. Indo-Fijians, being mainly tenant farmers view land as indispensable to their survival and as they own very little land, hold about 70% of the leases issued by Fijian landowners through the Native Land Trust Board (NLTB). Given the current volatile political situation in the country, the renewal of leases remains uncertain, as land constitutes for Fijians' the most powerful political tool, an instrument of political bargaining and an allocative as well as an authoritative resource that reproduces indigenous domination structure (Sutherland, 1992; Alam, et al. 2004). Table 2 contains a summary of expired, renewed and non-renewed leases. By 2001 at least 40% of the leases were not renewed. The struggle, then, between Fijian landowners and Indo-Fijian lessees is cast in terms of vital needs over a very limited resource, generating unusual emotional intensity around the issue. The historically constituted land structure has put Fijians and Indo-Fijians on a collision course that continues to this day (Sutherland, 1992, 2000). Daily newspapers often report calls by Fijian extremists and nationalists for Indo-Fijians to go back to where they came from, and this threatens the latter's basic ontological security in the country of their birth.

Gordon's policies were clear – to retain Fijian paramountcy, land was to stay with the Fijians and not with the 'white settlers' (Derrick, 1946; France, 1969). The long-term result of Gordon's policy can be seen in modern Fiji today where the majority of land (83%) remains under what is commonly described as 'traditional', 'customary' or 'native' land tenure system in a communal ownership. As argued earlier, the policies of the colonial rulers with respect to land were 'designed to protect Fijians from loss of their identity which is entwined with land, and from social disruption, which it was thought, would follow from such loss (Ward, 1995, p. 198). This virtually made alienation of native land to non-Fijians an impossibility thus cementing the historically constituted land structure. To date, freehold land comprises only 8% of the total land area in Fiji. The composition and ownership of land structure is shown in Table 1. The orthodox hierarchy of social groups that forms the basis for land ownership also deserves close

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<sup>14</sup> Initially Fijian customary land amounted to 83% of the total land but now stands at around 85% due to reversion of crown land to native land.

attention as this helps to understand better the allocation of native land rental revenues. See figure 1.

At the apex is the *vanua*<sup>15</sup>, formed of the agnatic descendants of a common ancestor or ancestral god living in the same general area. Each *vanua* would have one or more *yavusa*, the members again agnatically related. The *yavusa*<sup>16</sup> is composed of several *mataqali* whose members are in turn the agnatic descendants of a son of the *yavusa* founder. Within each *mataqali*<sup>17</sup> are one or more extended families, or *tokatoka*<sup>18</sup> whose core members would be related according to the same principles. Although common descent provides the basis of membership at all levels, others can be included 'socially' or 'legally'.

Fijians' fear of losing their land, and hence desire to retain land unencumbered by long leases for future use, led to the enactment of the controversial land reserves policy in 1940, called the Native Land Trust Ordinance. This legislation established the Native Land Trust Board (NLTB) to administer the leasing of Fijian land and to terminate leases where necessary so as to create 'reserves' for future use by Fijians. Given such insecure land tenure system, Indo-Fijian tenant farmers had little incentive to develop a true attachment to the land. With more land placed under native reserves without any form of cultivation and development, has led huge areas to be overgrown with bush, not forgetting huge losses from lost revenue in taxes and overcrowding in urban areas. Caught between the demands of Fijians for more reserves and Indo-Fijians for long term secure leases, the British colonial administrators oversaw the passage of the Agricultural Landlord and Tenants Ordinance (ALTO) in 1966 and later replaced by the Agricultural Landlord and Tenants Act (ALTA) in 1970. Under the ALTA legislation leases were issued for a maximum period of 30 years and there was no provision for automatic renewal of leases. The intention of the policy makers with regard to the plight of tenant farmers upon expiry of leases and social crises that would erupt as a result of non-renewal of leases<sup>19</sup> was never clear (Sutherland, 2000), hence the country is in a state of chaos in resettling displaced farmers. The refusal to renew leases has not left much option to the displaced farmers but to move to urban squatter settlements in search of unskilled employment (Reddy, 2004: 234).

### 5.1 Rents Under ALTA Leases

Although political, current debates on ALTA center around accounting issues as well, i.e. the issue of inadequate rental payments determined by an accounting-based formula on leases held by Indo-Fijian tenants, hence refusal by many *mataqalis* to renew leases.

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<sup>15</sup> Vanua refers to land, region or confederation

<sup>16</sup> Yavusa is the largest kinship and social division

<sup>17</sup> Mataqali is the sub-clan or extended family unit owning the land.

<sup>18</sup> Tokatoka comprises closely-related family members, a sub-division of *mataqali*

<sup>19</sup> Agricultural leases under ALTA began to expire in 1997 and by 2005 all agricultural leases under ALTA would have expired.



Landowners view ALTA legislation as pro-tenant, emasculating the ability of the NLTB to act as trustee for them. Davies and Gallimore (2001) argue that the tenant community has largely benefited and that the landowners have become worse-off as a result of low rentals on leases. They argue that lease rentals in Fiji are extremely low, denying landowners rents based on true economic contribution of their land, hence giving no incentive to lease land in future. Davies and Gallimore maintain that economic positions of tenants have been advanced/enhanced as a result of European Union subsidies and preferential sugar prices<sup>20</sup>, none of which have been passed down to the landowners. For them the reasons for exploitation of landowners were that they already had enough of the concessions by retaining ownership of the majority of the land. They maintain that under ALTA, agricultural productivity has also suffered in that there is little incentive to encourage tenants to improve farm productivity with no measures whatsoever to discipline tenants who do not farm efficiently, fail to meet the targets or even pay their rents as and when they fall due. For the tenants, more pressing issues were, as argued by Davies and Gallimore, to promote capitalism, maintain sugar profits and colonial finances thereby enabling a huge transfer of real income to the owners of capital and Indo-Fijian tenant farmers. Little did the authors realize that the indentured workers were forced into that situation, with virtually no resources at their disposal to influence colonial and capitalist power (Narsey, 1979). The authors failed to further realize that the CSR's successor - the Fiji Sugar Corporation (FSC) never made super-profits to date and is currently on the verge of collapse due to gross mismanagement, fraud and mill inefficiencies. White (2004: 289) analysed the financial viability of the FSC from its annual financial reports and noted that it incurred heavy losses since 1996 despite Fiji's ongoing access to the European Union preferential market. So Davies and Gallimore's arguments on promotion of capitalism, maintenance of sugar profits and exploitation of landowners by tenant farmers after independence, are misleading.

Davies and Gallimore study sees the solution to the ALTA problems as lying in the creation of an institutional mechanism that will enable leasing transactions to be based on the informed consent of both landowner and tenant so as to enable leasing arrangements to be mutually beneficial to both the parties. They propose a market oriented land policy to achieve results as well as to remove dangerous ingredients of politics from leasing transactions. To achieve market solutions they advocate the creation of a 'Land Exchange' independent of government control, responsible for facilitating leasing transactions between landowners and tenants. This body is to be responsible for effecting market solutions to rental and leasing conditions with the role of NLTB broadened to function as a broker or agent providing specialized knowledge necessary for leasing contracts based on informed consent (Davies and Gallimore (2001).

There are others (see for example, Kurer, 2001a, b) who regard ALTA rents as fair, reasonable and equitable, and/or only marginally low. And claims such as land rents are significantly low is either massively exaggerated or simply wrong. If landowners were

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<sup>20</sup> The support for Fiji's sugar industry emanated from the Commonwealth Sugar Agreement of 1950, now the Sugar Protocol of the Lome Convention which states that the European Community undertook to purchase specific quantities of sugar at guaranteed prices.

exploited, it was certainly not because of ALTA but the native lease administering body i.e. the NLTB who failed to fully exploit its power to increase rents to the maximum 6 percent of the UCV. Also the NLTB's record as a collector of rents has been distinctly unimpressive, hence rent arrears are large. The NLTB's position is that the majority of average sized tenants cannot afford the maximum rent, and the rent payable is therefore, determined through a negotiation process. The common view among the Fijians that landowners derived no benefits from European Union subsidy, as argued by Kurer (2001a, b), is completely unfounded. This is based on the misunderstanding that UCV is not related to market values. In fact the UCV is nothing but market value of unimproved land and market value is closely related to the price of its produce, in this case the price of sugarcane (ibid).

Another issue associated with rent that deserves attention is the basis of its allocation among various stakeholders. It is the responsibility of the NLTB to collect rent and allocate among different interest groups. The distribution processes are intertwined with the traditional hierarchy of mataqali, yavusa and vanua as depicted in figure 1. As native titles are communally owned, all members of the landowning group are entitled to receive a share in the rental proceeds. As trustees of the Fijian land, the NLTB takes 25% of the rent received for administration and management of the leases, 5% goes to the head of the vanua, 10% to the head of the yavusa, 15% to the head of the mataqali and the remaining 45% to the members of the mataqali. Further distribution occurs within the mataqali. In several instances, the head of the vanua, the head of the yavusa and the head of the mataqali can be the same person who is able to accumulate as high as 30% of the total lease revenue (Ratuva, 2000).

The resentment with rent distribution process among stakeholders is very obvious as upper level chieftans collect large amounts in rents solely by the virtue of their position in the hierarchy. Chiefly titles are now tied to wealth determined through accounting process, hence, it is not uncommon these days to challenge as to who the rightful successor will be. The chiefly title of *Tui Cakau* is currently in dispute awaiting court decision, the claimants being chiefs and prominent political personalities. So are the chiefly titles of *Nakalevu of Nadroga* and *Tui Nadi*. The (unproductive) value chains in the rent distribution system are often ignored due to the respect for the chiefs, and the blame is thus easily passed on to the tenant farmers for small share of rent, hence a source of racial tension and conflict (Lal, 1990; Ratuva, 2000). For Fijians, 'to sin against the vanua or chiefs is to sin against god' (Ratuva, 2002: 6). Further, holding a chiefly title and being accorded chiefly privileges are also politically rewarding as chiefs from big *vanuas* enjoy the privilege of nomination into the Senate (upper house of representatives) and the Great Council of Chiefs (a neo-traditional body set up by the colonial power and which had its powers substantially expanded overtime). But as stated earlier, intra-communal conflict and inequality remain beyond the scope of this paper. The next section of the paper focuses on affirmative action programmes for indigenous Fijians and Rotumans, a mechanism, as argued by the Government, for resolution of racial conflicts and tensions. But many view it as a tool for reconstitution of discriminatory practices (hence race relations) and associated with 'paramountcy of Fijian interests' (Ratuva,

2000; White, 2001; Davie, 2002). Accounting is firmly implicated and intertwined in the process of wealth accumulation to promote the interests of the Fijian chiefly class.

## **6. Affirmative Action Programmes for Indigenous Fijians and Rotumans**

In Fiji, the Social Justice Act 2001 was designed to legislate all existing and new affirmative action programmes. The Government has put in place a Blueprint<sup>21</sup> that outlines a 20 - year development plan (2001 – 2020) for the enhancement of participation of indigenous Fijians and Rotumans in the socio-economic development. The previous governments and present regime remain committed to the programme on the protection of Fijian and Rotuman rights and interests with significant budgetary allocations year after year. The 2003 national budget allocated F\$15.20 million for Blueprint initiatives and this was increased to F\$16.20 million in the 2004 budget (Ministry of Finance and National Planning, 2004). As similar provisions are not available for other races that are equally poor and live below the poverty line (Scarr, 1983; Cameron, 2000; Chand, 2001), we argue that affirmative action programmes become a major source conflict and tension between the two main races. Instead of eliminating racism, such policies further ‘reinforce racist stereotypes’(Stein, 1995). But our argument in no way implies that if budgetary allocations were made available to other races, then the budget would not be a tool for promotion racial differences or racial differentiation would disappear. The paper has discussed at length, the factors (in historical context) that were responsible for segregation on racial lines and the state annual budget, as an accounting modality (but not the only one), merely facilitated the process. White (2001:242) goes further and argues that ‘there is no national consensus that Fijians constitute a disadvantaged group whose status warrants affirmative action. 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), and 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’ (also at times referred to as the ‘handout’) philosophy of the British colonial administration expressed in three major policies (land inalienation, immigrant labour and traditional hierarchy), discussed in detail earlier. This philosophy and associated policies were based on the notion that Fijians were a primitive people, unprepared to function in a civilized society, and therefore, needed to be sheltered from its influences (Sutherland, 1992; White, 2001). The colonial policies and a corresponding colonial discourse configured Fijian natives 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 Fijian customs and practices, and to shelter the Fijian people from the detriments that were perceived to follow from rapid exposure to

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<sup>21</sup> The Blueprint is 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 printed by Government Printer, Fiji.

commercialisation and modernization particularly in the urban centres (Scarr, 1983, White, 2001). The 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 (for details see Puamau, 2001), political segmentation was also institutionalized through the introduction of race-based representation in the government. The majority representation of Fijians at the helm of government coupled with demands for the positions of prime minister and president reserved for 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 Fijian leaders have the greatest motivation to promote and protect material Fijian interests and therefore, uphold affirmative action programmes until economic and educational inequalities are eliminated. The above practices of racial segmentation perpetuated distinct cultural, religious and linguistic identities among Fijians and Indo-Fijians and the legacy of these practices is clearly evident today in 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 preparation for Fiji's independence, the issue of economic inequality (however problematic) between the two groups came increasingly to the fore. Prominent Fijian leaders regarded such 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 land legislations. Losing land to others, for 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 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 that required budgetary allocations to uphold and enhance the paramountcy of Fijian interests. Among others, the glaring ones are identified as follows: Great Council of Chief's nominees to the senate; 83% of the land in communal holding; dual (communal and cross) voting system to preclude Indo-Fijian political domination. The Social Justice Act (2001) outlines a variety of affirmative action programmes with a view to protecting rights and interests of Fijians and advancement of their development. Its main features are: new constitution to consolidate the provisions mentioned earlier plus give effect to the collective desire of the Fijians that national leadership positions of head of state and head of government be held by them; revamping Fijian administration so that its operations are fully autonomous of the central government; government to fully fund

Fijian administration; government financial assistance to the NLTB; government to help funding Fijian Development Trust Fund and Education Fund; government to provide interest-free loans to Fijian Holdings and other Fijian Investment companies to purchase shares in profitable companies; reserve 50% of major licenses (import, taxi permits) and government contracts to Fijians; continuation of the Fiji Development Bank special loans to Fijians; assistance to landowners taking up cane farming; small business agency to provide training and advisory services and business information to Fijians; and among others, government assistance to Fijians to buy back ancestral land alienated as freehold during colonial rule. In the next section we outline only three of the several case studies demonstrating the unintended consequences of affirmative action initiatives in Fiji.

## **7. Cases Illustrating the Unintended Consequences of the Protectionist Philosophy**

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 most recent agricultural scam within the Ministry of Agriculture and the third pertains to the activities of the Fijian Holding Company. Each case illustrates a different kind of failure, and these is briefly discussed below.

### **7.1 The FDB's Equity Investment and Management Company Limited (EIMCOL)**

The Fiji Development Bank, a wholly owned government financial institution is fully committed to the implementation of the 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, whereby indigenous Fijians, after a period of management training, could own and operate retail stores purchased by the FDB. The investment by the Bank on this initiative amounted to around five million dollars. The idea was borrowed from the Agricultural Bank of Papua New Guinea, where the scheme has been very successful. Initially, eight trainee managers were identified for the eight EIMCOL shops acquired by the Bank, and upon successful completion of three months training period, each took charge of a shop. Information on EIMCOL to date is very confidential but on 12 March, 1996, The Fiji Times (a daily news paper) was able to publish confidential information on EIMCOL's failure, from a leaked Bank's (January 1996) Board paper. It outlined serious problems faced by each of the eight stores, and requested the FDB Board to freeze interest on loan on all the stores. By the end of 1990 two shops ran 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 amount. As a last resort they were put on mortgagee sale, but the extent of write-off to date is unknown. Interviews with at least four shop managers (other four's whereabouts not known) 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. As Sutherland (2000: 206) put it:

*'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'.*

In general, Fijian economic disadvantages are explained in terms of their '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).

The FDB's good intention of enhancing Fijian participation in commerce is more than offset by racial tensions. The Bank's 'Special Loans Division' is a profit center that makes funds available to Fijians and Rotumans on relaxed terms and conditions. The structure and the key performance indicators<sup>22</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 centers within the Bank. As per the FDB's corporate plan (1993 : 28) for the years 1994 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. 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.

## 7.2 Ministry of Agriculture Scam

The data for this case is mostly drawn from the report of the Auditor General of the Republic of Fiji Islands (Special Audit Report, Parliamentary Paper No. 11, 2002). In summary, this 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' (ibid: 25) that resulted in mismanagement of \$25 million dollars of the tax-payers money. The agricultural affirmative action programme for Fijians and Rotumans is yet 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 the affirmative action plan in 2000 for indigenous Fijians and Rotumans to enhance their participation in agriculture. 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 (ibid. 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 officer approved the applications without any

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<sup>22</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 % arrears; current due collection rate; overdue collection rate; overall collection rate; profit as a % of portfolio.

technical assessment and evaluation by experts in the field located in various districts. There were many evidences of uneconomic purchases by the Ministry. No quotations were obtained and 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, and liabilities committed through such irregular practices ran in millions of dollars. This irregular practice is viewed as a deliberate attempt by the Ministry, particularly the Principal Accounts Officer, to violate standard Government procurement procedures, thereby opening avenues for abuses (ibid: 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 centers by the printery, thus escalating misuse of funds. Finally, several evidences exist to support purchases of items not covered by the plan (example purchase of lap top computers, fax machines, generators, air compressors, spray guns etc.).

### 7.3 The Fijian Holding Limited (FHL)

The FHL was founded in 1984 in response to a call by the Great Council of chiefs, the core purpose of its existence being ‘to accelerate the participation of the Fijian people in the corporate sector and in doing so enhance their socio-economic standing within the economy’ (Fijian Holding Limited, Annual Report, 2003: 1), with a vision of becoming the leading investment company in the South Pacific Region’ (ibid). It is modeled 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 a successful company for it acquires stake in only major established and profitable companies, with a key objective of bringing indigenous Fijians fully into the mainstream of the Country’s economic life through acquisition of its shares. As part of affirmative action initiative, the Government, in 1989 provided an 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 one million B class shares held by the Fijian Affairs Board in the FHL be transferred to each of the fourteen provinces (the balance of six million shares to remain with the FAB). The unintended consequences of affirmative action resulting from the FHL case is somewhat different from the previous two cases, and is outlined below.

The good intentions of the Great Council of Chiefs i.e. to boost the ownership of the Provincial Councils and other Fijian institutions in the FHL for the benefit of ordinary Fijians were not honoured. Several private family-owned companies were formed by some politicians (including the current prime minister) and other elite Fijians groups within a short span of time that acquired shares in the FHL through the FDB loans. The 1992 Annual Report of the FHL revealed that 70% shareholding by individuals and newly formed family-owned companies and the remaining 30% held by Fijian

institutions. A recent visit to the head office of the FHL and the Registrar of Companies office by one of the researchers to obtain shareholding details was in vain. As a public company such details should be readily available to the public.

Ratuva (2000) argues that the principle underlying the FHL is that of 'communal capitalism'. The FHC was the Great Council of Chief's creation in 1984, and under its hegemonic guardianship, was to symbolically represent the interests of the entire Fijian community. The objective of the FHL 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' (FHL Annual Report, 1994:1). The Company was to ensure that the 'benefit spread as widely as possible among the Fijian people' (ibid.). 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 F\$1.2 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, as part of affirmative action, a \$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 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 limit placed on investment fund was F\$10,000, only the elite group of Fijians benefited, giving a smack and 'recognition of 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). It is clear that the benefits of affirmative action programmes have been concentrated in the hands of a few state bureaucrats, chiefs, and ethnic Fijian bourgeois class.

## **8. Summary and Conclusion**

There is a consensus among historians that to preserve the social structure and to protect the indigenous Fijians from exploitation by white planters, the colonial government decided to indenture labourers for economic development from India. With indenture, indigenous Fijians were displaced by Indo-Fijians, the former given protection, while the latter experienced very harsh exploitation (Norton, 1977; Sutherland, 1992). By 1921 when the indenture system was abolished some 61,000 Indo-Fijians (39% of the population) were in the Country, and the majority decided to stay back and continue sugar cane farming on land leased from indigenous Fijian landowners. Since then Fiji's population became raced, and segregation along racial lines intensified as Indo-Fijians



displaced Europeans in sugar cane farming and in commerce and industry. The colonial legacies of racial segregation, leasing land and protection to the indigenous Fijians are very much alive today, and accounting has played a significant role in their reconstitution. The common nuance of Fijian 'laziness' is better understood in the context of the protectionist philosophy of the colonists.

The issues of rent on native land leases and budgetary allocations for affirmative action in favour of Fijians and Rotumans are important accounting related issues interwoven in the politics of reproduction of tenuous race relations in Fiji. As illuminated in this study, both, the native lease rental distribution system and the state's annual budgetary allocations for affirmative action create inter and intra-communal inequality and racism. Accounting is firmly implicated in the above as rental and budgetary allocation processes draw upon accounting rules. There are those who argue that agricultural land rents in Fiji are very low letting an absolute windfall to tenants and wholesale exploitation of landowners (Davies and Gallimore, 2001). One might wonder how landowners have been so victimized when the NLTB (trustee for the landowners) is supposed to act in their best interests. The NLTB blames provisions of ALTA that have restricted them to act in the best interest of the landowners and hence supports the abolition of ALTA. There are others who argue that low rents and exploitation of landowners is vastly exaggerated. For example, Kurer (2001: ) claims that ALTA is not without unintended consequences 'but the exploitation of landowners is not one of them'. The ALTA rents are fixed at a maximum level of six percent of the UCV of the land. Those advocating market-based rent argue that the UCV is determined by professional valuers and is problematic as it involves judgment and that this accounting-based rental formula stipulates only the maximum rent and not the actual rent. Other unintended consequences of ALTA rents are refusal by the landowners to renew leases, eviction of tenants and absence in the mechanistic rent formula of the role of market in rental determination.

The legitimacy of affirmative action programmes in business and education in Fiji has been challenged on several grounds. Fijian primitivity and backwardness as a colonial construct plays a particularly significant role as a frame of reference for many critics, some of whom emphasise presumed Fijian characteristics as a hindrance to Fijian success in both commerce and academia that ultimately blunts the effects of affirmative action policies in their current form (White, 2001: 254)). The main reasons often advanced on the failure of Fijians in commercial ventures are their communal obligations and overall lack of business skills. For Fijians, coming to terms with basic accounting concepts such as 'entity' concept where the owner is regarded as separate from the entity is not easy, and as such Fijian businesses are rendered insolvent by pressures from the kin to extend loans and credit on goods without payment, as demanding payment would invite social censure (Sutherland, 1992). *Kerekere and solesolevaki*<sup>23</sup> are good examples of Fijian communal obligations that are seen as contradictory to sound business practices based on commercial principles. These practices are hindrances to savings as well, and therefore, lack of capital is another major obstacle to Fijian economic advancement.

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<sup>23</sup> The practice of borrowing amongst kin at the will of the borrower.

As argued earlier, affirmative action programmes in favour of Fijians have a long history yet research results demonstrate that its objectives are not achieved at the level desired. Chand (2001) drawing upon Ahlburg (1995) study using household income and expenditure survey to analyse income distribution and poverty in Fiji reported that households whose head was other than Fijian or Indo-Fijian had the highest average weekly income and that the difference between average Fijian and Indo-Fijian incomes since 1977 had increased only marginally. If one compares the quality of life, the two races are more or less equal. For example, in terms of life expectancy, an all encompassing indicator of quality of life, the marginally higher life expectancy of Fijians indicates, that as a group they are at least as well off as Indo-Fijians (Chand, 2001, Ahlburg, 1995). An important implication of the above findings is that redistribution of income on racial lines alone is unlikely to be effective in achieving income equality and social stability. Only selected influential personalities and elites have gained at the expense of ordinary Fijians from affirmative action that further aggravates the income inequalities within each group.

The main concern of this paper has been to examine ways in which accounting related issues authenticated racial discourse in Fiji. Discourse on race cannot be removed from the legacy of colonial policies. The protectionist philosophy adopted by the colonial rulers to protect Fijian land, customs and tradition goes a long way to explain the reasons behind racial tensions between Fijians and Indo Fijians. It consolidated the Fijian communal way of life, which the colonial administration drew upon to make easy their task of managing the country. But as many have argued that the communal culture remains contradictory to sound business principles and commercial ethics, which further explains why many Fijians cannot survive in the competitive business environment. The involvement of accounting in reconstitution of race relation and racial tensions draw upon the same layered colonial discourse on racial difference. The irony is that colonial discourse provided the rationale for policies that have contributed to the very condition that promoted Fijian and Indo Fijian bourgeoisie classes, and disparities in economic and educational attainment in Fiji. There is no national consensus as to who constitutes a disadvantaged group in Fiji. White (2001: 262)) argues that 'in the politically charged atmosphere of post-coup Fiji, land and affirmative action policies were increasingly conceived, particularly by Indo Fijians, as furthering the cause of Fijian hegemony in tandem with constitutional provisions mandating Fijian governmental control. Such policies were regarded less as a form of reverse discrimination than discrimination *carte blanche* (ibid).

This study has moved beyond the narrow technical and neutral views of accounting, into roles such as serving certain social, economic and political interests. The focus of this paper has been on how accounting related practices are implicated with the furtherance of race relations in Fiji. Burchell et al. (1980) maintained that at societal level their discussion had been somewhat more tentative but this study has in some detail examined and analysed accountings' involvement in one of the many and very different set of human and social end, and that is, its role in the reconstitution of race relations and reproduction of indigenous power and domination in Fiji. The accounting issues raised in this paper are legacies of colonialism and better understood in that context.

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## Appendix

**Table 1**

<b>Categories of ownership</b>	<b>Estimated area (in acres)</b>	<b>Percent</b>
1. Fijian customarily owned land	3,711,990	82.60
2. Rotuman customarily owned land	11,000	.21
3. Freehold land (other than Crown freehold)	368,390	8.15
4. Crown freehold land	161,690	3.57
5. Crown schedule 'A' land	149,500	3.31
6. Provisional Crown schedule 'A' land	40,910	.90
7. Crown schedule 'B' land	75,320	1.67

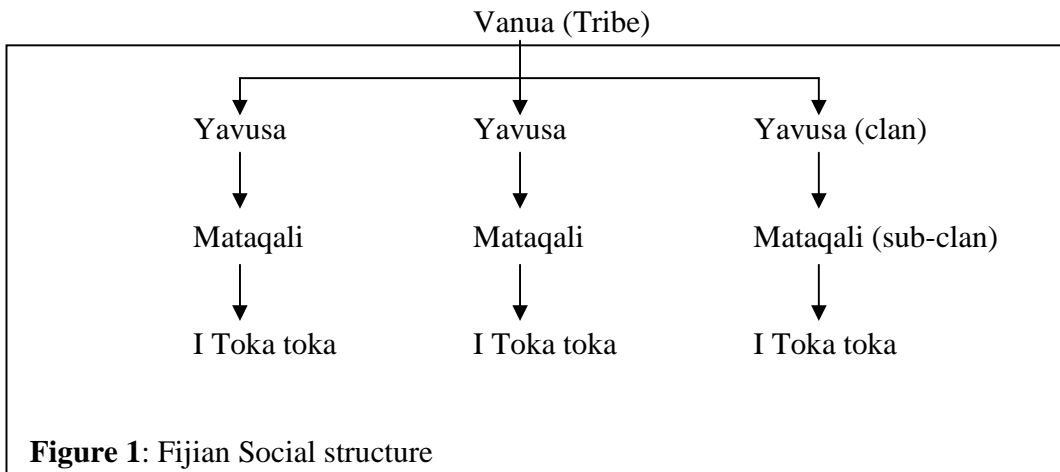
Source: Lloyd, D.T (1982) p.27

**Table 2**

<b>Year</b>	<b>Expired Leases</b>	<b>Leases Renewed</b>		<b>Not Renewed</b>
		<b>To existing Tenants</b>	<b>New Tenants</b>	
<b>1997</b>	<b>72</b>	<b>36</b>	<b>31</b>	<b>5</b>
<b>1998</b>	<b>157</b>	<b>45</b>	<b>107</b>	<b>5</b>
<b>1999</b>	<b>1073</b>	<b>350</b>	<b>511</b>	<b>212</b>
<b>2000</b>	<b>1708</b>	<b>311</b>	<b>469</b>	<b>928</b>
<b>2001</b>	<b>313</b>	<b>141</b>	<b>14</b>	<b>158</b>
<b>2002</b>	<b>457</b>	<b>na</b>	<b>na</b>	<b>na</b>
<b>Total</b>	<b>3323</b>	<b>883</b>	<b>1132</b>	<b>1308</b>

Source : Reddy, M (2004) p.233

**Figure 1**



**Source: Lloyd, D. T. (1982) p. 82**