

Fiji

Prime Minister Sitiveni Ligamada Rabuka made a startling, if refreshingly accurate, observation about the situation in Fiji during a state visit to New Zealand in April 1993. "Some of us have been going around the world saying that everything is nice in Fiji. It is not," he said. "We have to accept that" (*FT*, 2 Apr 1993). The year 1993 was not a very nice one for Rabuka and his government. Dogged by one scandal after another, its backbenchers threatening rebellion, its policies for effective national government marred by resurgent provincialism, the *Soqosoqo ni Vakavulewa ni Taukei* government finally met its end in November when the budget was defeated in Parliament. It was forced to resign after only eighteen months in office. The country began to prepare for the next general elections, due to be held in mid-February 1994. The year ended on a note of confusion and disarray.

There was other unhappy news during the year as well. Siddiq Moiddin Koya, a founding member of the National Federation Party, its longtime controversial leader, a leading criminal lawyer, and a chest-thumping orator who had played a conciliatory role in Fiji's transition to independence in 1970, died of a heart attack in April. Ratu Sir Penaia Ganilau died in December from leukemia. He was the Tui Cakau, paramount chief of the Tovata confederacy, longtime Alliance

minister and deputy prime minister, Fiji's second governor general, and, after the 1987 coups, the republic's first president. The Great Council of Chiefs swiftly elevated first vice president (and longtime Alliance prime minister) Ratu Sir Kamisese Mara to the presidency. Mara's unsurprising ascendancy caused much disquiet in Rabuka's camp. Mara has a well-known and highly developed disregard for Rabuka. His own preferred successor as prime minister was Josefata Kamikamica, Rabuka's arch political rival. The relationship between the two men will be watched with great interest in 1994.

For all its problems, 1993 began on a hopeful note, with talks continuing on a possible government of national unity. Rabuka, who had sprung the idea in Parliament late in 1992 without consulting his own party or the Great Council of Chiefs, was vague about what exactly he meant. His proposal was littered with unexceptionable statements, including the perceived need to "develop a social and political partnership that transcends suspicion and distrust, that elevates us as a nation and gives us a combined sense of common destiny and purpose" (Fiji 1993). However, a few months earlier, he had stated categorically that acceptance of the principle of the paramountcy of Fijian interests was a precondition for national unity. Initially, Rabuka's critics were skeptical, seeing his unity proposal as a tactic to divert

attention away from his manifold political problems. Indo-Fijian leaders Jai Ram Reddy of the National Federation Party and Mahendra Chaudhary of the Fiji Labour Party were skeptical. They wanted the government's commitment to certain principles of power-sharing that were just and fair to all communities in Fiji. Nonetheless, they agreed to join Rabuka in informal discussion of his proposal.

The talks faltered because of the vagueness of the concept, as well as opposition from powerful Fijian groups. Ratu Mara, whose blessing was clearly critical, said publicly that a government of national unity would not work under the terms of the 1990 constitution. Mara's caution was echoed by his proteges, including Josefata Kamikamica and Finau Tabakauoro (*FT*, 15 Feb 1993). Rabuka's own cabinet was unenthusiastic and relegated the proposal to a long-term objective. The Great Council of Chiefs listened politely to the proposals in May, but avoided taking a stand by asking the government to ascertain the feelings of ordinary Fijians through the machinery of provincial administration.

With the unity proposal languishing in the provinces, Rabuka shifted gear and began preparing the ground for his promised review of the constitution. He set up a cabinet subcommittee chaired by Deputy Prime Minister and Minister for Foreign Affairs and Trade Filipe Bole. The committee was subsequently expanded to include four members of the Opposition headed by Jai Ram Reddy, and met twice during the middle of the year. The first of its three tasks was "to develop further, and to

try to reach a broad consensus on, a set of fundamental principles which is to be the basis of mutual co-existence in Fiji as a unitary but multi-racial and multi-religious state." Second, it was to devise the draft terms of reference for the proposed parliamentary select committee on the constitution. The final task was to look at other models of government "considered appropriate for Fiji in terms of promoting unity and harmony among all its communities, and their equitable representation and participation in the political leadership of the country, both in Parliament and in government" (Reddy 1993). The recommendations of the committee were to be submitted to an independent constitutional commission. The talks were followed quietly in the media, raising hopes for a peaceful resolution of various issues surrounding the review of the constitution. As it happened, all this work was put in abeyance with the defeat of the Rabuka government.

The Fiji Labour Party did not participate in the discussions on the constitution. It had withdrawn its support for Rabuka and walked out of Parliament in June to protest his failure to act on promises to them a year earlier (Lal 1993). These included an immediate review of the constitution, repeal of the 10 percent value-added tax on most consumer items and of the labor reforms, and consultations on the Agricultural Landlord and Tenants Act. Rabuka's rebuff placed the Fiji Labour Party in a precarious position, since they had nothing to show for supporting his bid to become prime minister. The results of a by-election in the Indian constituency of Rewa-Naitasiri underscored Labour's predicament. In

a fiercely contested battle, the National Federation Party's Aptar Singh won handily over Labour's Ramesh Chand (though this is a strong NFP constituency). Defeated and disillusioned, Labour returned to Parliament in August and began to repair its relationship with Rabuka's known opponents.

Meanwhile, Rabuka was consolidating his own base in the Fijian community, presenting himself as the uncompromising champion of their interests. He announced a number of measures including increasing the Fijian scholarship fund; establishing a small-business agency to advise Fijians on how to run small ventures; promising financial assistance to the provincial councils and Rotuma to buy shares in the exclusively Fijian investment company, Fijian Holdings; providing funds to Fijian *mataqali* 'land owning units' to purchase fee simple land; floating the idea of exempting Fijian businesses from income tax for up to twenty years; and transferring the management of 73,841 hectares of state land to the Native Lands Trust Board. Not all of these promises were carried out, as Rabuka's nationalist Fijian critics often pointed out, but the message was clear. Rabuka was moving in the right direction for Fijians, and it was only a matter of time before the government's pro-Fijian policies bore fruit. Indo-Fijian leaders complained of the discrimination against their people in the public sector, in statutory bodies, and in government aid programs. But their voice mattered little in a political system where the Indo-Fijian community itself was marginalized.

Many Fijians applauded the general thrust of Rabuka's policies, but others

wanted further restructuring of power within Fijian society. In May, a group of western Fijians led by Ratu Osea Gavidi, the founding leader of the now defunct Western United Front, and Sakiasi Butadroka, leader of the Fijian Nationalist Party, launched the Viti Levu Council of Chiefs to promote the interests and aspirations of Fijians of the main island of Fiji. One of the council's resolutions was that the presidency of the republic should be rotated among the four confederacies (Kubuna, Tovata, Burebasaga, and the as yet not formally recognized, Yasayasa Vaka Ra) instead of only the first three; that all state, and eventually fee simple, land be converted to native tenure; that Fijians be handed back all ownership of fisheries and mineral rights; that the government, rather than landowners, pay the administrative costs of running the Native Lands Trust Board; and that Fijians be given preferential treatment in the exploitation of natural resources (such as forestry and fisheries). Only when these concerns had been addressed, hinted the council, should the question of reviewing the constitution be considered.

Clearly, Rabuka was riding a tiger he could not dismount at will. But all his other problems paled into insignificance beside the revelations in the report of the commission of inquiry into the so-called Stephen Affair, presented by retired judge and politician Sir Ronald Kermode. Anthony Stephens, a local part-European businessman with previous brushes with the law and a close association with extremist Fijian politics, had been charged in mid-1988 with illegally

importing arms into the country. After being cleared, he sued the government for F\$30 million in damages, but agreed to settle for nearly \$10 million in cash and other benefits. The terms of the deed of settlement were leaked to the press and exposed in Parliament by Opposition Leader Jai Ram Reddy, leading to the resignation of Attorney General Aptaia Seru. Under considerable public and parliamentary pressure, Rabuka appointed Kermode to inquire into the sequence of events leading to the deed of settlement, the legality of the procedures followed, and the involvement of ministers and civil servants in the affair.

Kermode's report, issued in July, was a damning indictment of all the principal players (1993). Stephens was described as being "dishonest in seeking to obtain money from the National Bank of Fiji in an illegal manner and in doing so, the evidence *prima facie* appears to disclose that he may have committed more than one criminal offence." Attorney General Seru was accused of lying and gross negligence. Said Kermode: "Seru's explanation indicates how unsuited he was to hold the position of Attorney General." Most important, Rabuka's conduct was found to be "quite irregular and improper" in several respects. His action "as regards the events leading up to the execution of the Deed were not only improper but *prima facie* illegal." Predictably, Rabuka denied the report's charges and proclaimed his innocence, refusing to stand aside to allow a judicial review of the report's principal findings regarding his role. Eventually, he agreed somewhat reluctantly, but by then the damage had been done. His

integrity and reputation were attacked in Parliament and in the media, and dissidents within his own party prepared to move a motion of no confidence in him. The report gave Rabuka's opponents the excuse and the weapon they needed to "do Rabuka in."

Several Fijian backbenchers wanted Rabuka out. One was Josefata Kamikamica, Mara protege, the interim government's finance minister, and Rabuka's rival for the top job, who had declined all invitations to join the government. Ratu Mara's son, Finau, was a key player behind the scenes. In the Senate, Tailevu politician Adi Finau Tabakaucoro, led the anti-Rabuka campaign. Another vocal opponent was sacked Minister for Information Ilai Kuli who, like the others, sought to disguise personal revenge as principled opposition. Methodist Church General Secretary Manasa Lasaro persuaded Kuli to postpone his no-confidence motion in the interest of Fijian unity, while the Taukei Movement, or what remained of it, staged protest marches in support of Rabuka. The division in the Fijian camp erupted into the open. Rabuka's hold on power was contested, and his days numbered.

Personal animosities apart, Rabuka's problems were compounded by allegations of mismanagement, or lack of management, in statutory organizations. A strike at Fiji International Telecommunications Limited had left its scars, including the transfer and eventual sacking of Communications Minister Kuli. The appointment of controversial businessman Jim Ah Koy, Rabuka's close friend, to statutory bodies, including the chairmanship of

the Fiji Trade and Investment Board, was questioned in the press. So, too, were allegations regarding the tangled affairs of the Fiji Ports Authority, which led to the departure of Chief Executive Isimeli Bose and Chairman Navitlai Naisoro. Fijian Holdings Limited was rocked by accusations of insider trading by its senior Fijian directors. And questions were asked about the propriety of awarding the tender to upgrade the Nadi International Airport to a company (Minsons Limited) in which Rabuka, his wife, and Civil Aviation Minister Jonetani Kauakamoce owned shares. Whatever their merits, the allegations served to tarnish the image of the government and its leaders. As head of that government, Rabuka became the main target.

The long-simmering tensions came to a head in the November budget session of Parliament. Finance Minister Paul Manueli presented his F\$707 million (US\$847 million) budget as a sensible document to combat the ills of the economy following the devastating effects of cyclone Kina, which had visited Fiji in late 1992 (Manueli 1993). Proposed measures included further deregulation of trade and the labor market. Import licensing protection was to be partly removed from rice, powdered milk, canned fish, and coffee, and replaced by a 50 percent tariff for powdered milk, 40 percent for milled rice, and 10 percent for brown rice. The budget also anticipated an increase in the national deficit from F\$135 million (US\$88 million), or 2.5 percent of the gross national product, to F\$185 million (US\$120.8 million), or 4.8 percent of the gross national product. The budget was designed to

increase Fiji's international competitiveness.

Opposition Leader Jai Ram Reddy led the attack on the budget. He described it as a fiscally irresponsible document that proposed an unsustainable level of expenditure and fiscal deficit, as well as an escalation of public debt and debt service. The budget, he said, was long on rhetoric but short on specific proposals to remedy the economic ills; it had an inappropriate set of expenditure priorities (too much on the military and too little on health, education, and social welfare); and it was inflationary and socially regressive because of higher fiscal duties on basic consumer items. Labour leader Chaudhary echoed Reddy's criticism, adding that unless the "instability, fear, insecurities, and uncertainties" caused by the racially lopsided constitution, the acute law and order situation, and corruption were not remedied, Fiji would not prosper (*FT*, 23 Nov 1993).

Although the opposition's criticism was predictable, the government had not anticipated the rebellion of six of its own backbenchers and one cabinet minister. Josefata Kamikamica led the attack. Interestingly enough, and unlike the opposition, Kamikamica did not disagree with the underlying economic philosophy of the budget, nor with its general direction. Rather, the thrust of his criticism concerned the micromanagement of the economy, not in itself sufficient justification for voting against the budget and bringing down the government. But with twenty-seven opposition members against the budget, the anti-Rabuka faction of the *Soqosoqo ni Vakavulewa ni Taukei* saw the perfect opportunity

to realize their plan to derail Rabuka. When the budget came up for vote at the second sitting of the House of Representatives, they voted with the opposition.

The Fijian dissidents had refused to abide by the *Soqosoqo ni Vakavulewa ni Taukei* parliamentary caucus decision to support the budget. However, they had briefed Mara, the acting president, of their intention to vote against it. That led to speculation about Mara's role in the downfall of the Rabuka government, but at this writing the details are not clear. What is known is that the dissidents and the Fiji Labour Party had asked Mara not to dissolve Parliament but to sack Rabuka and appoint another (Fijian) prime minister. They told Mara that their vote against the budget was not a vote against the government as such, but against Rabuka as its head. Knowing of his antipathy toward Rabuka, they expected Mara to view their proposal sympathetically. Whatever his private feelings, Mara accepted Rabuka's constitutionally correct advice to prorogue the Parliament and call for fresh elections. In this, Rabuka was supported by Reddy, who argued that the defeat of the budget was tantamount to the defeat of the government, not just the prime minister. Parliament was dissolved on 19 January 1994, and general elections scheduled for mid-February 1994.

The year 1993 was a tumultuous one for Sitiveni Rabuka. His hold on power proved unsteady, and his political map was disfigured by many false starts and scarred memories. His own inconsistencies, failure to deliver on promises, and inexperience contributed to his dif-

iculties. He admitted to thinking with his heart rather than with his head. These problems were compounded by disloyalty from within his own ranks, and from others who refused to recognize him as a legitimate successor to Ratu Mara's political throne. Fijian politics faces a rocky future. Provincialism is on the rise, and parliamentarians proclaim their loyalty to province rather than political party. The year's events showed again that the certainties of the past had disappeared. A new, uncertain era was on the horizon.

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NEW CALEDONIA

At the beginning of 1993, it was becoming increasingly apparent that the March elections would give the Right a comfortable majority in the National Assembly in Paris. In New Caledonia, the position the new majority would take on the Matignon Accords was the subject of much speculation. Signed in 1988 by the *Front de libération nationale kanak et socialiste* (FLNKS, representing various pro-independence factions), the *Rassemblement pour la Calédonie dans la République* (RPCR, the major loyalist group), and the French national government, the accords had been soundly denounced by a large portion of the Right.

As it turned out, however, new Minister for Overseas Territories Dominique Perben was quick to confirm that the process begun with the accords would continue. He said New Caledonia was the only overseas territory of France where things seemed to be going well and, in spite of the difficult economic situation in France, there was no reason to reduce metropolitan support for the ongoing effort. During his June visit to the territory, the minister reaffirmed his government's commitment to continuing in the direction set by the accords.

In the March legislative elections, nine candidates were listed for the first electoral district (Noumea, the three municipalities of the Loyalty Islands, and the Isle of Pines), and six for the second (the other twenty-seven municipalities of the main island). While the sheer number of candidates had led most observers to expect that a second

round of voting would be needed, the two incumbents, both members of the RPCR, were reelected after the first round. Jacques Lafleur obtained 53.27 percent of the vote in the first electoral district, and Maurice Nenou 54.15 percent in the second. Voter turnout was relatively low, with only 57.8 percent of the registered voters casting ballots.

Within the FLNKS there was much debate about whether the long-standing policy of boycotting national elections should be continued or abandoned. For several months *Union calédonienne*, the largest party within the FLNKS, had been advocating a resumption of participation in national elections, and it managed to win the support of two of the smaller parties, *Union progressiste mélanésienne* and *Parti socialiste kanak*. Meanwhile, *Parti de libération kanak* (PALIKA) maintained its earlier position and continued to encourage its members to abstain from voting. However, it did consent to the use of the FLNKS label by the two pro-independence candidates who entered the race.

FLNKS Vice-President Rock Wamytan obtained 14.32 percent of the vote in the first electoral district, and President of North Province Léopold Jorédié won 29.81 percent in the second district. The FLNKS had counted on a better showing, and PALIKA leaders argued that the poor results reflected voters' opinions regarding the running of the North and Loyalty Islands provinces by pro-independence factions.

Mouvement des calédoniens libres, a splinter group of the RPCR founded in early January 1993 by former Senator Dick Ukeiwe, and a political party in

its own right since its members were expelled from the RPCR, presented two candidates: Dick Ukeiwe and Justin Guillemard. In earlier provincial elections, Guillemard had represented a small anti-independence party called *Calédonie demain* (Caledonia Tomorrow), which fielded two candidates of its own in the 1993 national elections. For the territory as a whole, *Mouvement des Calédoniens Libres* obtained 12.46 percent of the votes. In the first electoral district, its candidate won 16 percent of the votes, placing second, ahead of the pro-independence candidate.

The elections also offered an opportunity to reassess *Union Océanienne*, which largely represents migrants from Wallis and Futuna, following its split into two factions in 1992. The factions presented one candidate each in both electoral districts, although all ran under the *Union Océanienne* banner. Overall, *Union Océanienne* appears to have maintained its position, gathering 4.2 percent of the vote compared with the 3.9 percent achieved in the 1989 provincial elections held shortly after the party was founded. The dissident faction, led by Aloisio Sako and leaning toward a pro-independence position, collected 1255 votes. The more centrist faction led by Michel Hema, president of the party before the schism, won only 943.

The dispute between Mayor of Lifou Cono Hamu and the traditional chiefly authorities, which has been ongoing for several years, appears to have been resolved during 1993. The incumbent mayor failed to get the support of his party, *Union Calédonienne*,

when elections were called following the resignation of several municipal councillors. Cono Hamu ran anyway, and his faction took the lead after the first round of voting, with 23 percent of the vote. However, they were defeated during the second round by an unlikely alliance between members of the RPCR and several small pro-independence factions running under the banner of "custom" and support for the traditional chiefly structure. The alliance picked up 39 percent of the vote, and 20 of the 29 seats contested.

Nevertheless, Hamu's supporters continued their campaign. Some of them targeted the provincial authorities, particularly the president of the Islands Province, whose Noumea home was attacked. In April, following his decision to extend the movement he had started in Lifou to the other islands of the Loyalty Group, Cono Hamu was expelled from the membership of *Union Calédonienne*.

On 25 December 1993, Catholics observed the one-hundred-fiftieth anniversary of the celebration of the first mass in New Caledonia. During the ceremonies, and on behalf of the entire church, Archbishop of Noumea Monsignor Calvet formally asked the forgiveness of Melanesians for "the sufferings and acts of injustice inflicted on their ancestors, who were forced to relinquish a part of their culture." This request for forgiveness was received and accepted by representatives of the eight "cultural areas" of the territory.

Generally, social tensions were more pronounced than in preceding years, particularly near the end of the year. The number of person-days lost to

labor strikes rose to 25,010 in 1993, compared to 19,368 in 1992. This number reflected not only the usual workplace friction, but growing sentiments that political peace has received more attention than social progress in recent years, and that the economic benefits generated in part by the Matignon Accords have not been fairly distributed.

On the regional level, New Caledonia continued to cultivate and improve its relationships with other Pacific countries, particularly Vanuatu. In April, Vanuatu's prime minister came to Noumea to open a new consulate. In November, New Caledonia and Vanuatu signed a cooperation agreement complementing the one signed in July between Vanuatu and the French Republic. Vanuatu's new attitude toward the New Caledonian independence movement was also apparent. While the former government in Port Vila was vocal in its support of the struggle for independence, current Prime Minister Maxime Carlot Korman has declined to get involved in New Caledonia's internal affairs. At the end of his official visit to the territory, Carlot Korman stated that his position was purely one of support for the Matignon Accords.

FRANÇOIS SODTER

PAPUA NEW GUINEA

At the beginning of 1993, the government of Paias Wingti appeared well placed to implement some of the ambitious reforms announced after it came to power in mid-1992. The coalition commanded a comfortable majority in

Parliament, and had successfully introduced several significant reform measures during its first six months in office. More important, its eighteen-month grace period of immunity from parliamentary votes of no confidence still had twelve months to run. In September 1993 Wingti engineered a stunning parliamentary coup that extended this immunity to early 1995. Nevertheless, and with some notable exceptions, the government had difficulty implementing its policies in 1993. By year's end, with several major initiatives in disarray, it appeared unlikely that Wingti could deliver the sort of comprehensive and fundamental reform he had promised.

The Wingti government did have some remarkable successes during the year, particularly in its dealings with the transnational companies operating in Papua New Guinea's rich mineral and petroleum sectors. The extremely high rates of economic growth in recent years (11.8 percent in 1992 and an expected 14.4 percent in 1993) are mainly attributable to developments in these sectors, and Wingti came to power determined to capture a larger share of the benefits for Papua New Guineans. In January 1993 the International Monetary Fund was commissioned to review the fiscal regime for mining, petroleum, and gas. By that time, however, Wingti's high-stakes struggle with the mining companies was well under way.

At the beginning of the year, negotiations with the partners in the Porgera Joint Venture over an increased equity share for the state were deadlocked. In 1992, the government had demanded to increase its share in the giant gold mine

from 10 percent to 30 percent, claiming that the mine's operator, Placer Pacific, had deliberately downplayed the project's financial potential when the mining agreement was signed. Although the government claimed the negotiations were purely commercial in nature, the international financial community reacted with suspicion. One analyst described the impact of Wingti's aggressive actions at Porgera and elsewhere in the mining sector as "nothing short of devastating." He estimated that the market value of Papua New Guinea-related mining and oil stocks had declined by 22 percent since the Wingti government came to power (Davis 1993, 24).

Fearing that a false step could put their billion-dollar investment at risk, the joint venture partners were obliged to negotiate the sale of equity. As Managing Director Vic Botts of Placer Pacific put it, "We did not think it was good business to confront the Government" (*PC*, 18 Aug 1993, 2). By early 1993, their main concern was the extent of the concessions necessary to restore a more favorable political environment.

The deal finalized in March represented a major victory for the government. It allowed the state to purchase an additional 15 percent equity in the joint venture (5 percent from each of the three corporate partners) for 138,750,000 kina, significantly lower than the estimated market value of the shares. More important, payment would come from the state's new share of the cash flow, making the investment virtually risk free. No interest was payable until the principal had been fully paid off. If the mine were to

cease production before that time, the transaction would be interest free. Revenues from taxation were unaffected by the arrangement, and the state would get a share of dividend income. Furthermore, the partners agreed to finance and implement a 50-million-kina infrastructure development program in Enga, Southern Highlands, and Western Highlands provinces over the next decade, in return for tax credits (Iangalio 1993).

As Mark Davis pointed out, the costs of the deal to the three private partners, Placer Pacific, Renison Goldfields Consolidated, and Highlands Gold were significant, but "not as high as they might have been." The agreement protects the companies' cash flows until the state's debt is paid off, and offers intrinsic tax concessions worth an estimated 40 million kina. Most important, the joint venturers believed that they had "made a crucial gain in predictability and stability" (Davis 1993, 24–25).

The ownership structure of the proposed Lihir gold mine in New Ireland province was also a major source of contention during the year. The government was concerned that the development of this major resource was being delayed unnecessarily by Kennecott, a subsidiary of the London-based mining giant Rio Tinto Zinc. Kennecott argued that the project was economically marginal, and indicated its reluctance to proceed unless a third party could be persuaded to join the Kennecott–Niugini Mining joint venture. The company suggested that the prevailing investment climate made it difficult to find such a partner, and that the Wingti government must accept

some responsibility for that situation (Togarewa 1993a; 1993b; 1993c).

The government used two tactics to push Kennecott toward an agreement to develop the Lihir project. The first involved calling Kennecott's bluff on the equity issue. After Kennecott had failed to meet a deadline to find a third party, the government announced that it would take up 20 percent of the equity itself, in addition to the 30 percent it had opted for previously. In a June letter to the chairman of Rio Tinto Zinc, Sir Derek Birkin, Prime Minister Wingti stated, "This lessens Kennecott's exposure to a project in which it clearly lacks confidence, and will, I trust, facilitate immediate progress on the project" (Togarewa 1993b). In August, Mining Minister Iangalio angrily rejected a belated proposal by Kennecott to sell a 20 percent share to a Canadian mining company, Venezuelan Goldfields. He confirmed that the government still planned to take 50 percent, and would find its own buyer for the extra 20 percent (*PC*, 13 Aug 1993, 1). The Malaysian government had already expressed interest in investing in Lihir through its company Malaysian Mining Corporation (Togarewa 1993a).

The second tactic used by the government to speed up the development of the Lihir resource was active involvement in the planning and design of the project. With Bob Needham, head of the state-owned Mineral Resources Development Corporation, in the lead, government officials and consultants subjected Kennecott's development plan to intense scrutiny. By September, estimated capital costs had been cut by 20 percent, improving the economics of the project considera-

bly (*PC*, 29 Oct 1993, 9; Needham 1993, 53).

By late September, with the government and its corporate partners in general agreement regarding project financing, it seemed likely that a special mining license would be issued in December, and that construction would begin early in 1994. The partners had agreed that the state and Niugini Mining would each take 30 percent of the project, with Kennecott holding 40 percent. They also agreed to float up to 40 percent of the shares in Lihir Gold, the project vehicle. Venezuelan Gold and Malaysian Mining Corporation were expected to purchase a significant proportion of those shares (*PC*, 27 Sept 1993, 1). Then, at the mining forum in November, where final details of the agreement were to be negotiated, local representatives demanded 20 percent of the equity for the landowners, and a further 10 percent for the provincial government (*TPNG*, 4 Nov 1993, 4). After their walkout, which brought talks to a halt, the government agreed to help the landowner company, Pangpang Development Corporation, borrow money to purchase shares in Lihir Gold (*PC*, 8 Nov 1993, 1). The special mining lease had not been issued by year's end, but was expected early in 1994.

Meanwhile, the International Monetary Fund's report, presented in April, noted that the state's ability to capture revenues from the exploitation of its mineral resources had been disappointing. It recommended a new fiscal regime that relied more heavily on royalties, and a lowering of the existing threshold for additional profits tax, a device used to capture a large portion of exceptionally high profits for the

state. It also recommended an immediate strengthening of the state's capacity to monitor the fiscal aspects of resource projects and to enforce its tax regulations. Significantly, the report argued strongly that purchasing large amounts of equity in resource projects was risky, a poor use of scarce government resources, weakened the state's ability to borrow overseas, and conflicted with its regulatory duties (*TPNG*, 15 April 1993, 1). The events of 1993 demonstrate that at least some key members of the Wingti government and their advisers were not impressed by this advice, and in September the government agreed to increase its stake in the Ok Tedi copper and gold mine from 20 percent to 30 percent after Amoco Minerals withdrew (*PC*, 30 Sept 1993, 1). For them, it seems, equity participation is a useful instrument to exercise more control over large-scale resource developments in Papua New Guinea (Needham 1993).

Wingti's determination to "look north" to the dynamic countries of Asia for trade and investment opportunities also bore some fruit in 1993. His three-day visit to Indonesia in February, accompanied by some two hundred officials, politicians, and business executives, yielded a proposal for cooperation on oil and gas exploration, and one to establish a coffee processing factory in Papua New Guinea (*TPNG*, 11 Feb 1993, 1; 18 Feb 1993, 4, 21). The visit symbolized the beginning of a new, more broad-based, era in Papua New Guinea-Indonesia relations, long dominated by a narrow concern with the spillover effects of the guerrilla struggle in Irian Jaya.

Equally significant was the government's newfound enthusiasm for

Malaysia. Wingti visited Kuala Lumpur in January, and Malaysia's International Trade Minister Dato Seri Rafidah Aziz led a large trade and investment delegation to Papua New Guinea in May. Malaysian companies are best known in Papua New Guinea for their heavy and controversial involvement in the logging industry, described in a recent report as "out of control" (Nadarajah 1993). In welcoming the Malaysian delegation in May, Minister for Trade and Industry David Mai warned that foreign logging companies "either comply with the local rules or they are out" (1993, 58). Nevertheless, the government has welcomed new Malaysian investment in the country, offering Kimpulani Fima an attractive package of incentives to establish in Lae a mackerel-canning plant (which relies heavily on imported materials, at least initially), and inviting Malaysian Mining to purchase a share of the Lihir gold mine (*TPNG*, 14 Jan 1993, 26).

In June, despite strong opposition from a wide range of senior officials, cabinet approved a 50-million-kina plan to provide housing for the disciplined forces to be funded by the Malaysian government and a consortium of Malaysian banks (*TPNG*, 10 June 1993, 1). Officials noted that the deal had been arranged without regard to normal tendering, planning, and budgetary procedures, and was not a good one for Papua New Guinea. They argued that the costs were excessive, local content low, and that the Malaysian contractor, which the funding institutions had been allowed to select, would pay no taxes, fees, or import duties (*TPNG*, 24 June 1993, 1; *PC*, 25 June 1993, 1). Equally controversial was the government's decision to allow

Rimbunan Hijau, a company that controls more than 70 percent of Papua New Guinea's logging leases, to establish a new daily newspaper (*PC*, 12 July 1993, 1). Critics feared that the *Nation*, which started publishing in November, would become a vehicle to promote the company's commercial interests. The associate editor is Mr Wingti's former press secretary, and the publisher one of his close political associates. Early in the year, Rimbunan Hijau adopted the slogan We care for Papua New Guinea to help counter its negative corporate image (*TPNG*, 15 July 1993, 27).

The Wingti government's increasing enthusiasm for Asia has been matched by a growing ambivalence toward Australia. Part of the motivation for the "look north" policy is clearly to lessen the country's heavy dependence on the former colonial power, especially for trade and investment, but also for technical assistance and advice. Papua New Guinea leaders are very sensitive about questions of sovereignty, and periodically complain that Australians are paternalistic in their dealings with Papua New Guineans. In 1993 Minister for Foreign Affairs John Kaputin was the most prominent proponent of this view.

Kaputin demanded early in the year that Australia apologize for its disrespectful and arrogant behavior while attempting to return two African refugees who had entered Australia illegally from Papua New Guinea (*PC*, 19 Feb 1993, 1; 1 March, 1). Later, when two prominent naturalized citizens reclaimed their Australian citizenship, Kaputin stated that he would not tolerate "foreigners who think they can treat Papua New Guinea without

respect and dignity" (1993b, 64). In an outspoken address in Canberra in November, he argued that "attitudes, both official and private," were a major impediment to improved relations between Australia and Papua New Guinea (Kaputin 1993c, 16). Aspects of Kaputin's speech were reiterated by Deputy Prime Minister Chan in Brisbane in November (Chan 1993). Yet Papua New Guinea leaders also recognize that the relationship with Australia is, and will remain, a key one. In his Canberra speech, for example, the foreign minister seemed to want Australia to pay more attention to Papua New Guinea, not less.

A major point of tension in the relationship in 1993 was the ongoing shift from untied to tied forms of Australian aid. Until recently, Australia has provided the bulk of its substantial aid to Papua New Guinea, set at 219 million kina for 1993-94, in the form of direct budgetary support, which leaders were free to spend as they saw fit. Then in 1989 Prime Ministers Bob Hawke and Rabbie Namaliu signed the Development Cooperation Treaty, providing for a progressive reduction in the level of Australian aid, as well as a rapid shift from budget support to program and project funding. By 1993, tied aid represented 16 percent of the total. The plan is to increase this to 52 percent by 1997, and phase out budget support completely by the year 2000 (Aopi 1993, 3). Early in 1993, a major joint study was initiated to investigate how the increasing amounts of program and project aid might best be spent (*PC*, 9 Feb 1993, 2).

The shift to tied aid was motivated primarily by a feeling in Australia that

the 3.7 billion kina of support provided to Papua New Guinea between 1975 and 1993 had not been well spent. In a speech on the aid relationship in December, Australia's Minister for Pacific Island Affairs Gordon Bilney argued that Australian aid should be used to meet Papua New Guinea's "real needs," implying that it had not been used in that way to date (1993, 11). Officials in Papua New Guinea argue that the shift to tied aid is also motivated by commercial considerations, and estimate that up to 85 percent of project aid will flow back into the Australian economy (Aopi 1993, 7).

Understandably, leaders in Papua New Guinea are less than enthusiastic about the change, not least because it means an increase in Australia's direct involvement in Papua New Guinea's domestic affairs. Officials are also concerned that the real value of Australian aid to Papua New Guinea will decline, because of excessive administrative and consultancy costs as well as increased purchasing in Australia. Nevertheless, leaders had little option but to adjust to the new reality. After making his reservations clear in a major speech in November, Deputy Prime Minister and Minister for Finance and Planning Sir Julius Chan went on to say, "I am a realist and pragmatic enough to accept that a new system is desired by the donor and so long as PNG needs that money, we must now all do our best to make it work" (1993, 8). "Making it work" will not be easy for either side, and Australian officials may well live to regret their decision to get more directly involved in some of Papua New Guinea's more intractable problems.

Shortly after coming to power, Prime Minister Wingti stated that the provincial government system was wasteful and inefficient and had to go. In reports tabled in March and August 1993, a parliamentary select committee chaired by Ben Micah recommended replacing the existing nineteen provincial governments with provincial authorities (TPNG, 11 March 1993, 11; 19 Aug 1993, 4). Unlike provincial governments, these would have few legislative powers, no autonomous bureaucracies, and no full-time, salaried provincial politicians. The membership would consist of all the national members of Parliament from the province, local government council presidents, mayors, and representatives of non-governmental organizations. Each authority would be headed by the regional (province-wide) representative to the national Parliament. This part of the "bipartisan model" would recentralize political power, and give national members of Parliament considerably more control over the distribution of resources in their electorates (Saffu 1993, 7).

The Micah committee also recommended "the single most important change since independence"—the resurrection of hundreds of local-level governments. These village-level institutions would be constitutionally guaranteed sufficient financial and administrative support to operate effectively (TPNG, 19 Aug 1993, 4). However, local-level government has been under the jurisdiction of provincial governments since 1976 and has been almost universally neglected. It is not clear that national parliamentarians would be any more prepared than their pro-

vincial counterparts to fund potential political rivals, or to ensure that this was a genuine decentralization of power.

Predictably, the Micah reports were well received by all but a few members of Parliament. In August, Parliament quickly endorsed a proposal to establish an eighteen-member Constitutional Commission, headed by Micah, to implement the reports' recommendations. Armed with extremely broad terms of reference, the commission set about reviewing the Organic Law on Provincial Government, and other relevant parts of the constitution (Saffu 1993, 6). However, the assault on the provincial government system ran into some major obstacles later in the year.

The provincial premiers organized quickly to resist the Micah initiative. In September, a special meeting of the National Premiers Council totally rejected the committee's findings. The premiers of the New Guinea Islands region announced that they would secede if the recommendations of the report were implemented, and began organizing a referendum on the issue. Manus Premier Stephen Pokawin said he would arrange a public burning of the report when he got home (*TPNG*, 9 Sept 1993, 1). The provincial resistance was not unexpected. What was a surprise was Prime Minister Wingti's response to the premiers' demands when he met them in Goroka in October. Instead of launching the expected attack on provincial government, he took a very conciliatory line, even inviting the premiers to join some members of his government on a new review committee (*TPNG*, 7 Oct 1993, 1). In turn, Micah demanded that

Wingti publicly reconfirm his support for the constitutional commission (*TPNG*, 14 Oct 1993, 3). Although Wingti managed to persuade Micah not to resign early in November, the future of the whole review exercise remained uncertain at the end of the year (*TPNG*, 4 Nov 1993, 9).

Wingti's sudden change of heart on the provincial government issue was undoubtedly related to the barrage of criticism created by his resignation and immediate reelection as prime minister in September. However, even without that political firestorm (discussed later), the threat of secession had to be taken seriously. Furthermore, it was unclear how the architects of the proposal to abolish provincial government planned to deal with the Bougainville issue. In April, with large parts of the island back under government control, leaders from all parts of Bougainville met to discuss ways of resolving the five-year-old crisis. The idea of secession was described as "an impediment to peace," and "rejected outright now and in the future." However, the leaders demanded that the North Solomons Provincial Government be reinstated immediately, and argued that failure to do so could "regerminate and legitimize" secessionist sentiments in the province (*PC*, 27 April 1993, 11).

Although Prime Minister Wingti came to power committed to an early end to the Bougainville crisis, his first major policy statement on the issue did not come until March 1993. He chose to take a hard line with the rebels, describing them as "murderers" who must surrender or face death. Those who have committed atrocities, he said, must pay for their crimes because

“History teaches us that a bully must be beaten at his own game” (*TPNG*, 18 March 1993, 2). What was missing was any sense of how the social and political fabric of the war-torn province would be restored, if and when a military victory was achieved.

Wingti’s March statement appeared to confirm the conventional wisdom that the military, rather than the government, had the upper hand in the Bougainville operation. In recent years numerous aid workers and journalists have been refused entry to Bougainville despite clear authorization from Port Moresby. In November, a prominent international medical aid group withdrew from the country altogether, citing such frustrations. A spokesperson for Médecin Sans Frontières expressed the opinion that Bougainville was being run by a “dictatorship of the defence force” (*PC*, 22 Nov 1993, 1). Minister for Bougainville Michael Ogio had done little to dispel this notion earlier in the year. Responding to reports that the security forces had crossed the border with the Solomon Islands and taken control of Oema Island, Ogio acknowledged that the government had difficulty monitoring and controlling the actions of the security forces (*TPNG*, 15 April 1993, 3). This was one of several confrontations, some involving exchanges of fire, between Papua New Guinea and Solomon Islands security forces during the year (*TPNG*, 7 Jan 1993, 2; *PC*, 27 April 1993, 1).

The security forces continued to expand their presence on Bougainville during 1993, establishing more bases in central and southern parts of the island, and arming civilian “resistance

groups” to counter the activities of the Bougainville Revolutionary Army. In February, with some fanfare, troops moved into the devastated provincial capital of Arawa (*PC*, 16 Feb 1993, 1). But this part of Operation Dynamo did not go as smoothly as planned. Ten days later, rebels ambushed and killed eight soldiers outside the town, the greatest number of casualties suffered by the security forces in a single incident since the crisis began (*PC*, 26 Feb 1993, 1). In a series of offensives over the next two weeks, soldiers killed an estimated thirty-five rebels in various parts of central and southern Bougainville (*PC*, 10 March 1993, 5).

Criticism of the Wingti government’s handling of the Bougainville crisis came from many different directions during 1993. The London-based human rights organization Amnesty International issued its second major report on the crisis in November, claiming that at least sixty people had been extrajudicially killed by government forces since 1991, and citing numerous cases of torture, rape, beatings, and harassment of suspected Bougainville Revolutionary Army members or sympathizers. Similar abuses were attributed by Amnesty to the rebel forces. Despite numerous statements of intent by government officials, the report noted that very little had actually been done to investigate allegations of human rights abuses and take steps to ensure that they did not recur (Amnesty International 1993).

Solomon Islands Prime Minister Solomon Mamaloni was equally outspoken in his condemnation of the Wingti government’s Bougainville pol-

icy. In an extraordinary departure from normal diplomatic protocols, Mameloni wrote a fourteen-page letter to Papua New Guinea Deputy Prime Minister Sir Julius Chan, in which he accused the government of indifference to “the total annihilation of Bougainvillians,” among other things (*PC*, 24 March 1993, 11; 25 March, 11; 26 March, 11). Another letter leaked to the press during the year, this one seven pages long, indicated some dissent within the government itself. Minister for Foreign Affairs John Kaputin wrote to the prime minister to express his dismay at the aggressive tone of Wingti’s Bougainville statement and the cabinet’s decision to delay inviting an international fact-finding mission to visit (*PC*, 15 April 1993, 1). In a subsequent statement to Parliament, Kaputin warned that failure to allow such visits “could have far reaching—and adverse—implications for Papua New Guinea” (1993a, 3).

Perhaps the most hopeful development during the year was the pan-Bougainville dialogue inaugurated by the leaders at Buka in April (*PC*, 27 April 1993, 11). There were strong indications that powerful factions within the rebel movement were ready to participate in further talks. However, the Wingti government was apparently not prepared to facilitate a second conference in Cairns that would have included representatives of the secessionist movement.

The Wingti government had promised firm action on Papua New Guinea’s perennial problems of law and order, and several strategies were pursued. Late in 1992, plans were

announced to increase the strength of the police force by fifteen hundred over three years (*TPNG*, 23 Dec 1992, 2). By August 1993, boom gates were under construction on three roads into Port Moresby, presumably to help police control the movement of criminals (*TPNG*, 26 Aug 1993, 9). Meanwhile, the National Law, Order and Justice Council had been formed to replace a plethora of existing law and order committees (*PC*, 15 March 1993, 1). Much more significant was a series of legislative measures introduced or announced during 1993 that were designed to combat civil disorder.

In July, arguing that “The crime problem facing us warrants drastic action,” Wingti announced a system of national registration and associated identification cards. He also announced the introduction of a constitutional amendment that would allow the burden of proof to be shifted from the state to the accused in serious criminal cases (*PC*, 27 July 1993, 1). Predictably, this measure raised the ire of civil libertarians, with former Attorney General Bernard Narokobi describing presumption of innocence as “the cornerstone of civilized democratic societies” (*PC*, 30 July 1993, 1).

The most controversial law and order measure introduced in 1993 was the Internal Security Act passed by Parliament in May and gazetted in August. The Act allows the head of state to ban organizations that are, in his opinion, “promoting or encouraging, or . . . likely to or about to promote or encourage terrorism.” Appeals against designation as a terrorist organization are to be heard, not by an independent

body, but by cabinet and the head of state, who would have issued the orders in the first place. Alleged members or supporters of such organizations can be identified by the police commissioner and imprisoned (*TPNG*, 20 May 1993, 4, 11, 15).

Critics were dismayed by the way the legislation was pushed through Parliament without serious debate. They were also concerned about the enormous discretionary power it gives to the executive branch of the government, and the associated erosion of the individual freedoms protected by the constitution. In October, the Ombudsman Commission filed a challenge to the Act in the Supreme Court (*TPNG*, 7 Oct 1993, 1).

The court had not passed judgment on the Internal Security Act by the end of the year. By this time Wingti himself was having second thoughts about its utility. In another stunning reversal, the prime minister announced in October that he would consider amendments to the Act. The immediate impetus for this particular change of heart seems to have come from Minister for Mining Masket Iangalio, who had already gained the support of some other members of the government (*PC*, 6 Oct 1993, 1). Like his previous reversal on the provincial government issue, Wingti's decision was heavily influenced by the political fallout from his slick maneuvers in Parliament at the end of September.

The mechanics of Wingti's September ploy were simple. He gave a letter of resignation dated Thursday, 23 September to Governor General Sir Wiwa Korowi. On the morning of 24 Septem-

ber, Speaker Bill Skate announced the resignation in Parliament, read the governor general's response, and called for nominations for the office of prime minister. With the opposition caught completely off guard, Communications Minister Martin Thompson, the architect of the scheme, nominated Wingti, who was duly reelected unopposed (*TPNG*, 30 Sept 1993, 4). Wingti claimed that the possibility of a vote of no confidence early in 1994 was an unacceptable source of instability that placed his reform program in jeopardy. As it turned out, his successful bid to remove the threat served to weaken, rather than strengthen, his position.

Speculation about likely contenders for power in a vote of no confidence had long centered on Deputy Prime Minister and Leader of the Peoples Progress Party Sir Julius Chan, who was known to disagree with Wingti over certain key policy issues, such as how best to deal with the mining companies. Furthermore, his party's parliamentary strength, at twenty, was second only to that of Wingti's Peoples Democratic Party, and could have provided the core of a new coalition. It was no coincidence that Wingti's resignation gambit occurred when Chan was out of the country. Chan claimed no prior knowledge of it (*TPNG*, 30 Sept 1993, 3).

Wingti underestimated the level of opposition that his move would provoke. Several thousand people marched on Parliament to demand the resignation of Wingti, Skate, and Korowi. Chris Havieta, who had become leader of the opposition after Jack Genia died suddenly of malaria in

July, instigated a court challenge charging some technical irregularities. Although the National Court ruled in Wingti's favor in December, the late-night scheming revealed by the case was politically destructive (*TPNG*, 2 Dec 1993, 10). Perhaps most damaging, however, were the rumblings of dissent that emanated from within the government. At least six coalition supporters complained publicly of Wingti's dictatorial style, and some of them joined the opposition (*TPNG*, 30 Sept 1993, 1). Ben Micah, who was leading the attack on provincial government for Wingti, was a vocal critic of the resignation move (*TPNG*, 7 Oct 1993, 3).

Although Wingti managed to survive his self-inflicted political crisis, there were serious consequences for his program of reforms. With his public and parliamentary support significantly eroded, he was forced to seek a broader consensus on the provincial government and law and order issues. The momentum for radical change will be hard to regain.

TERENCE WESLEY-SMITH

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SOLOMON ISLANDS

New Year's Eve 1992 brought havoc to the southeastern parts of Solomon Islands as Cyclone Nina passed through. Parts of Malaita, South Guadalcanal, Makira, Temotu, and Rennell and Bellona were devastated. For the people in these islands, a season of celebration and reflection became overnight a time of disaster and lost hopes. Homes and schools had to be rebuilt, new gardens had to be cleared, and short-term assistance was necessary. The much-needed assistance was given promptly when the whole nation pitched in and, with some help from other governments and organizations, pledged \$1.5 million toward the government's rehabilitation program (ss, March 1993). As in the aftermath of other natural disasters, Solomon Islanders looked to the future with optimism as they rebuilt their homes, churches, and schools, and hoped for better fortune in the year to come.

Another kind of storm—a political one—was awaited with equal uncer-

tainty. The national general election took place on 26 May 1993. Seats in each of the 47 constituencies throughout the country were contested by some 280 candidates. The state of uncertainty lasted for some time after the results were announced over national radio. Solomon Mamaloni's party of National Unity won the most seats, but with only 21 of the total of 47 it did not have a clear majority. Of the other parties, the People's Alliance Party led by Nathaniel Waena won 7 seats; the new National Action Party of Solomon Islands (Francis Saemala) and the United Party (Ezekiel Alebua) won 5 each; the Labour Party (Joses Tuhanuku) won 4; the National Front for Progress (Andrew Nori) and the new Solomon Islands Leaders Fellowship (Reverend Michael Maeliau) won 2 each; and 1 was won by an independent (Francis Billy Hilly). A coalition government had to be formed.

Uncertainty and political speculation were fueled by strong indications that veteran politician and incumbent Prime Minister Solomon Mamaloni and his party might lose their parliamentary majority. The first sign of impending doom for Mamaloni came with the election for Speaker of the House, which was held a few weeks after the general election and before that for the new prime minister. In the election for the Speaker, the two contending groups, the Government for National Unity led by Mamaloni and the National Coalition Partnership group whose leader was yet to be named, fielded their respective candidates. Waita Ben, who was then Speaker, was the nominee of the Government for National Unity, and Paul

Tovua, who had just lost his Malango (central Guadalcanal) constituency seat, was nominated by the National Coalition. When Paul Tovua was elected Speaker, political gurus were left with little doubt that, if the coalition (especially its new members) held together and survived the intense lobbying, political intrigue, and *wantok* manipulations that characterized the period leading to the election for prime minister, it would have a chance to lead the next government. When the votes for prime minister were counted, Mamaloni's party for National Unity was ousted by the narrowest margin since independence—24 votes to 23. On 18 June, a new government was formed, led by the 45-year-old member for Ranongga and Simbo, the Honourable Francis Billy Hilly.

The new coalition government consists of the existing parties—Peoples' Alliance Party, United Party, Labour Party, National Front for Progress—and the independent member, plus two new parties—the National Action Party of the Solomon Islands and the Solomon Islands Leaders Fellowship. (Though a political anomaly, the last insisted it not be called a political party.)

Though Hilly was new as prime minister, a post dominated by Solomon Mamaloni or Sir Peter Kenilorea since 1974, he was not a novice in politics. After a Bachelor's degree from the University of the South Pacific and almost two years of employment with the government and the Solomon Trading Company, Hilly entered politics in June 1976 as member of Parliament for Ranongga and Simbo. He was returned for a second term in the 1980 elections

and became the leader of the independent group in Parliament. In this second term, he became deputy prime minister and served as minister for the Ministry of Home Affairs in a coalition government led by Peter Kenilorea. In August 1981, Hilly resigned from the coalition, serving as an ordinary member, and did not seek reelection in the 1984 elections. Instead, he successfully ran in the Western Province elections and became president of the Western Provincial Assembly. In 1989, he ran unsuccessfully for the National Parliament. At the time of the elections in May 1993, he was running a family business.

One of the chief aims of the parties that made up the coalition was to oust Mamaloni's strong Government of National Unity, and they closed ranks to do it. Among other matters, such as allegations of corruption, the Mamaloni government appeared to have allowed prime land sites in and around the capital to be bought and occupied by foreign investors. Eager to change the situation, and guided by their new vision and new policies, the coalition was determined to lead the country and carry the developmental trajectory in a different direction.

The new government led by Francis Billy Hilly did not acquire political power without having its mettle tested and its unity shaken. From the beginning, the Mamaloni camp gave clear indications that power would not be yielded easily; a catalogue of election petitions was lodged in the High Court and political horse-trading ensued. The election petitions included one by Mamaloni himself, challenging the legality of Hilly's majority and that his

election as prime minister was unconstitutional (sv, Oct 1993). The High Court settled in favor of Hilly. As if this were not enough, Dennis Lulei, leader of the Alliance Party in Parliament and new minister for education, was terminated by the coalition leaders for insubordination after challenging the government's leadership and decisions. And Allan Paul resigned from the Hilly government but later decided to rejoin.

Despite these wrangles, things seemed to be settling down as months passed and most of the petitions to the High Court failed, and the coalition's position appeared much more secure. Because of the nature of politics in Solomon Islands, where allegiance can change overnight, a former member of the Government of National Unity, Walter Folotalu, accepted the portfolio left vacant by the withdrawal of Dennis Lulei to become minister of education. A successful petition against the member for East Honiara, the Honourable Charles Dausabea (a spokesman for the Government of National Unity group and a staunch supporter of Solomon Mamaloni), alleging illegality of voting practices, further strengthened the coalition's position. At the end of the year, it was again strengthened by the approval of three additional ministries during the December sitting of Parliament, and the Mamaloni camp seemed resigned to their defeat, if not exhausted. All of these power struggles took up a good six months, which the government could have put to better use in serving the country and its people.

On the domestic front, the coalition government's policies include a number

of reforms as well as immediate and long-term priorities. The immediate goals include investigation into corruption, malpractice, and abuse of power; establishment of a new national planning strategy; effective control and use of government assets and utilities; review of permanent secretaries; review of the taxing regimes; review of the provincial establishments; convening of economic, religious, and youth summits; reengagement of doctors who had earlier resigned; formulation of a new foreign assistance policy; and review and assessment of Solomon Islands' overseas representation. A ministerial consultative committee will monitor the implementation of these policies.

The long-term goals include self-reliance, decentralization, and improvement of government services around the country. The economic policy of the government is designed to promote self-reliance. Importantly, government assistance to rural areas is guided by the principle of self-reliance and is not viewed as a government handout. The decentralization strategy involves maximizing linkages to the rural masses and requires the development of a new decentralizing formula to allow a more direct and meaningful sharing of ideas, powers, and responsibilities with traditional leaders and resource owners (villagers who are landowners) throughout the country. Hilly's government recognizes the importance of the resource owners to the country and believes they should be afforded maximum benefits from their resources.

In support of its goal to improve government services, the coalition gov-

ernment hopes to improve and expand health services and to implement an open education policy that should allow maximum access to schools.

The Hilly government places great importance on state-church relations and the need to strengthen this link. The government has announced it will provide assistance to the churches, for example in the training of their leaders, and will encourage the churches to take an active role in linking the government to the rural communities. The government also sees the state and the churches as the most important agencies of development, and hopes that close state-church relations will result in greater participation by Solomon Islanders in the political process.

The chief thrust of the new Solomon Islands foreign policy can be characterized by the slogan, Friendship by Reciprocity. Central to this approach is an emphasis on the use of foreign assistance for economic development. A beginning will be made through reconciliation with foreign governments. Particular importance is attached to Papua New Guinea, with whom previous relations had soured, especially over the Bougainville crisis and the spillover effects when three Solomon Islanders were killed in September 1992. The coalition government produced a six-point initiative to aid in resolving the Bougainville debacle: (1) to normalize relations with Papua New Guinea through dialogue rather than confrontation; (2) to restore respect for the laws, customs, and immigration regulations of Solomon Islands that have been violated since the beginning of the border problem. The Bougainville Humanitarian Office is to be

closed down and replaced with a peace office. (3) to encourage the convening of the proposed pan-Bougainville leaders' conference as a necessary avenue for a meeting of minds from the different sides on Bougainville; (4) to restore normal services on the Solomons side of the border, including immigration and customs control; (5) to establish an honorary consulate in Port Moresby as a center for bilateral discussions between Solomon Islands and Papua New Guinea. This office will also cater for the interests of Solomon Islanders living in Papua New Guinea. (6) to work toward the establishment of a proper border treaty with Papua New Guinea (SN, July–Aug 1993).

Beside the attempt to restore Papua New Guinea–Solomon Islands relations, especially with an eye to working together to resolve the Bougainville crisis, the government has also pledged to increase dialogue with regional and global friends in order to renew friendship and gain respect and support. A new foreign policy paper will be introduced to lay the foundation for furthering Solomon Islands' image and integrity overseas, and relations with all overseas donors will be improved.

After taking office, the government decided to slowly phase out logging, to encourage local processing of logs, and to conserve forest resources. To effect its policy on timber and forest resources, the coalition would place a moratorium on the granting of licenses to logging companies, effective early in 1994 (SS, July 1993). A lot had gone wrong with forest exploitation in the country. For instance, the permanent secretary for the Ministry of Natural Resources had revealed that the coun-

try was losing S15 million a year from underpricing of its timber exports. Companies operating in the Solomons achieved this through collaboration with overseas companies. Not only did landowners lose money, but the government also lost revenue because of undertaxation. For example, the government had to ask Kalena Timber Company to pay S1900,000 in understated duties and royalties (sv, April 1993). In other cases, many of the Asian companies operating in the country did not follow the legal procedures required by the Forest Resource and Timber Utilization Act. Some were operating on lands not covered by their permits and licenses (ss, Jan 1993).

Other coalition government policies are influenced by cost-containment measures. Soon after the new government took office, it decided to suspend construction of the new State House, contracted to be built for S15 million, which it claimed would be a burden on the government's purse. Individuals or companies adversely affected would be compensated accordingly. The permanent secretary positions that had been contracted out by the Mamaloni government were revoked in October (ss, Oct 1993) and were reestablished under the normal public service employment structure. For the new positions, sixty-seven applicants vied for fifteen vacancies. Most of the former permanent secretaries were rehired, with only four of them unsuccessful. Permanent secretary salaries, placed on a permanent basis instead of contractual employment, were reduced from S160,000 to \$43,000 a year (ss, Oct 1993).

The proposed Melanesian Trade Bloc, whose objective is to improve the

economies and trade of member countries, is expected to be an economic milestone in the relations between the member countries of the Melanesian Spearhead Group. Each country will export products in which they have a competitive advantage. The countries presently involved are Papua New Guinea, Vanuatu, and Solomon Islands, but others such as Fiji and Kanaky (New Caledonia) could be included if they wished. Under such an arrangement, Vanuatu beef could be exported to Solomons and Papua New Guinea; Solomons tuna to Papua New Guinea and Vanuatu, and so on.

In education, the World Bank approved US\$16.9 million (approximately S152 million) for the construction of more secondary schools in the country. The Implementation Project Unit in the Ministry of Education is to be responsible for the different phases of the project. The process will be slow and cautious to avoid the misappropriation of funds or bungling of contracts that happened with an earlier World Bank project in the mid-1980s. The Honiara Town Council established an innovative program to absorb Standard 6 dropouts so that they can be taught the basic skills they will need in the workplace. Essentially, middle schools will provide an alternative avenue for these students; it has yet to be decided whether these schools will form a bridge to get the students back into the main stream of schooling, toward advanced studies.

The long-running dispute between the national doctors and the government finally came to an end in October. Prime Minister Hilly personally invited the doctors to discuss the condi-

tions of the new contract with him. Dr Quan, a spokesperson for the doctors, later informed *Solomon Voice* that they were happy with the new contract, which if implemented would for the first time place them among the most highly paid professionals in the country (sv, Sept 1993). With an improved pay package of between S1\$30,000 and \$60,000 (sn, April–May 1993), the doctors were required to take up the new offer and resume work no later than 29 October (ss, Oct 1993).

In March, history was made when John Muria became the first indigenous chief justice of the Solomons. From Guadalcanal, Muria was educated at the Catholic St Joseph's Secondary School in Honiara and the University of Papua New Guinea, from which he graduated in law in 1979. He had worked for a short time in Papua New Guinea and was a public solicitor in Honiara before his appointment. He is 37 years old and married with three children.

A well-known anthropologist who did extensive work among the Kwaio people on Malaita, Professor Roger Keesing, died on 7 May during an academic meeting in Toronto. His ashes were taken to the Solomons by his partner, Christine Jourdan, and his children and buried at Ngarinasuru, Malaita (ss, Aug 1993).

In September, the Solomon Brewery was officially opened by Governor General Sir George Lepping. The brewery is owned partly by the German company Brachaus and partly by Nauruan interests. Dignitaries from Nauru, Brachaus, and the government were present at the official opening ceremony (ss, Sept 1993).

In line with the emphasis on state-church relations, Provincial Premier Mathias Ramoni of Makira encouraged the churches to establish schools in his province. Speaking during celebrations of the tenth anniversary of the province, the Honourable Ramoni commended the Anglican, Catholic, South Seas Evangelical, and Seventh Day Adventist Churches for running the schools in the province. In addition to the primary schools, the churches operate some vocational and pre-theological colleges, an example being the Stuenberg Rural Training Centre in East Makira. The South Seas Evangelical Church proposed to establish a secondary school. The premier highly commended this kind of initiative (ss, Oct 1993).

The Tourist Authority collaborated eagerly with Dr Robert Ballard of the United States National Geographic Society on his book, *The Lost Ships of Guadalcanal*, in the hope of finding out whether Iron Bottom Sound (a major Second World War battle site) might eventually become a vast underwater museum. As the general manager of the Tourist Authority predicted, "We are sitting on a gold mine if only we can turn technology and vision to Solomon Islands' advantage." He was very optimistic: "The international exposure for us is priceless. This is right next to Honiara and suddenly Dr Ballard is putting us on the world map" (sv, Oct 1993).

Overall, the political wranglings and delayed implementation of the new policies of the Hilly government, which are innovative and pragmatic in many ways, made the overall achievements of the country seem slow and few. But

given the complexity of the country and the many hurdles the new government had to overcome, 1993 may be regarded as a year of preparation for the Hilly government to start with a clean slate in 1994.

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VANUATU

Maxime Carlot Korman's government retained office during 1993, despite tensions between the coalition partners, Korman's Union of Moderate Parties (UMP) and the National United Party (NUP). These tensions, combined with those within the coalition parties, repeatedly distracted attention from problems of economic management and development.

Prime Minister Korman began the year with a ministerial reshuffle, the first since his government took office in December 1991, intended to consolidate his position and to rein in two ministers whose conduct had been capricious. Korman took over the foreign affairs portfolio from his leading rival within the Union of Moderate Parties, Serge Vohor, shifting him to the new post of minister for economic affairs. He made his move while Vohor was on an official visit to Noumea. He retained Willie Jimmy as minister for finance, but reduced

his responsibilities by transferring external trade to the new economic affairs ministry (PR, Jan 1993; VW, 9 Jan 1993, 1).

In the course of the year Korman carried forward his foreign affairs responsibilities with reasonable success. He consolidated relations with France, and developed links with New Caledonia, including by opening a consulate in Noumea in April. But France maintained a relatively cautious approach, notwithstanding the hopes of some UMP supporters, and the fears of some critics of the French presence in the region, and despite the return to power of the conservatives in the French elections in March. Korman and his government also maintained harmonious relations with Australia, Vanuatu's leading aid donor, avoiding a recurrence of the tensions that had twice arisen in 1992 (Fry 1993, 396, 399; Henningham 1993, 427). Australia's Minister for Development Assistance and the Pacific Islands' Gordon Bilney visited Vanuatu in June and described bilateral relations as "good and improving" (VW, 19 June 1993, 5). In addition, the Korman government sought to develop and consolidate Vanuatu's external relations more widely, with some success.

If Vanuatu's external relations were generally constructive and serene during 1993, this was not true of domestic affairs. Walter Lini's National United Party proved anything but united. Its internal problems had unsettling effects on the governing coalition, as did tensions between anglophone-educated and francophone-educated ni-Vanuatu. During the course of the year Lini repeatedly demanded that Korman

dismiss from the ministry two NUP members, Onneyn Tahī and Edward Tabisari. The party had earlier suspended and disciplined these men following disputes, involving allegations and counter-allegations of corruption, between them and Lini and his close business associate, Dinh Van Than, the NUP general secretary (VW, 17 July 1993, 1).

By mid-1993 Lini, who hitherto had played a low-key role as an ordinary member of the governing coalition, despite his position as NUP president, was demanding the posts of minister for justice and deputy prime minister. Lini again wished to play a central role in the government of Vanuatu, instead of implementing an earlier understanding that he would take up the post of president after Fred Timakata steps down in early 1994. In addition, he apparently wished to gain authority over Chief Justice Charles Vaudin d'Imecourt, who had recently found Mrs Goiset—the sister of Lini's associate, Dinh—guilty of business malpractice. While the court case was under way, Lini had written to President Timakata urging Imecourt's dismissal, on the grounds that he had acted against the interests of justice in several recent cases (VW, 28 Aug 1993, 1; PR, 27 Sept 1993, 2).

Tensions within the governing coalition began to come to a head on 10 August, when four francophone civil servants were suspended from the Ministry of Health, apparently in retaliation for the politically motivated suspension the week before of four anglophone civil servants from ministries controlled by UMP members (VW, 14 Aug 1993, 1). Prime Minister Kor-

man responded by dismissing Hilda Lini from the post of health minister (VW, 21 Aug 1993, 1). Ms Lini, a sister of Walter Lini, is a prominent public figure in her own right; later in the year she was awarded the Sean McBride International Peace Prize in recognition of her years of anticolonial and antinuclear campaigning (PIM, Dec 1993, 27). In early September Korman dismissed Police Commissioner Sato Kilman, contending that he had failed to keep him informed of police and security matters (PR, 13 Sept 1993, 6). Critics of the government complained that the morale and efficiency of the public service were being eroded by politically motivated sackings.

Following Hilda Lini's dismissal, Walter Lini withdrew the support of the National United Party from the governing coalition. But whereas Lini was followed by six party parliamentarians, four others, including Tahī and Tabisari and headed by Justice Minister Sethy Regenvanu, remained with the coalition. Following the appointment of the speaker of the house, Korman was able to retain a slim parliamentary majority of 23 to 22. In mid-September Korman increased his majority to three by persuading a member of the opposition Vanua'aku Pati, Thomas Faratia, to shift allegiance to the Union of Moderate Parties in return for a ministry (VW, 18 Sept 1993, 1). A few days later Lini made a deal with Economic Affairs Minister Vohor that would have brought Lini and his supporters into the government at the expense of the Regenvanu group. But the deal, which attracted criticism from some senior UMP figures, had been concluded following Korman's departure

on a visit to Asia and the United States, and he revoked it on his return (*PR*, 27 Sept 1993).

Until her portfolio was withdrawn, Hilda Lini had been the only woman in the ministry; she was one of the first two women members elected to the forty-six-member parliament in November 1987, and was reelected in 1991. Women continue to play only a limited part in public affairs in Vanuatu, and hold few senior positions, whether in the public or the private sector. In early February, nonetheless, Ms Rita Naviti was sworn in as Vanuatu's first woman magistrate (*VW*, 6 Feb 1993, 1). Attitudes to women came under scrutiny in August, when Le Flamingo night club held Vanuatu's first beauty contest. The government had given its assent, but the National Council of Chiefs, the Vanuatu Christian Council, the Vanuatu National Council of Women, the Port Vila Women's Centre, and other groups denounced the contest, claiming it was demeaning to women and inconsistent with the traditions and values of Vanuatu (*VW*, 18 Sept 1993, 4, 5; *Women's News*, Oct 1993, 11).

In the final months of the year the Korman government was still in power, but its future looked uncertain. The economy remained sluggish, with increased tourist arrivals and reasonable returns from the finance center offset by poor commodity prices (see *PIM*, May and July 1993). During the 1991 election campaign the Union of Moderate Parties had promised copra growers generous price support arrangements. By the end of 1993 it seemed clear that the government would not have the funds to meet this

commitment (*PIM*, Nov 1993, 20). Vanuatu's public servants struck for several weeks from 24 November, demanding a 16 percent pay rise to compensate for the erosion of their salaries by inflation over the previous four years. The government responded by offering 5 percent, but warned that it planned to shed two hundred public service positions in early 1994, as an economy measure and to reduce over-staffing. Further industrial trouble seemed likely (*PR*, 20 Dec 1993).

Meanwhile controversy had arisen over alleged corruption, abuses of justice, and environmental risks associated with large-scale logging projects. Critics of the government complained that an established logging concern had been squeezed out in favor of a Malaysian company. The Malaysian company had been permitted to pay a much-reduced reforestation fee and had been granted permission to log 70,000 cubic meters per year, whereas previously the annual limit per company had been 5000 cubic meters. Formerly, the total annual cut had been less than 25,000 cubic meters, the amount regarded by forestry experts as the maximum allowable under sustainable development guidelines (*PR*, 9 Aug, 13 Sept, 27 Sept, and 25 Oct 1993; *PIM*, Oct 1993, 14, 15).

Critics complained that, like its predecessors, the government was restricting the freedom of the press. They also cited poor financial management, especially with respect to an arrangement made by Finance Minister Jimmy. Under this scheme Vanuatu, working through an Australian intermediary, would open a line of credit, reportedly for up to US\$2 billion, for

infrastructure and development projects. Vanuatu's recurrent budget is about US\$50 million (PR, 9 Aug 1993; PIM, Oct 1993, 13; Nov 1993, 20).

At a regional ministerial meeting on population and sustainable development held in Port Vila in early September, Prime Minister Korman warned that Vanuatu was heading for disaster unless current population and development trends were reversed (VW, 11 Sept 1993, 1). Unfortunately, the government, although aware of the looming problems faced by Vanuatu, has yet to develop and implement effective policies in response.

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