

Reviews of Vanuatu and West Papua are not included in this issue.

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Fiji's military-backed government dug in its heels during 2008, defying pressure to hold elections. At home, interim Prime Minister Frank Bainimarama courted popular backing for a "People's Charter" and sought to restructure the Great Council of Chiefs (GCC). Externally, relations soured further with Australia and New Zealand over the breach of the commitment to hold elections by March 2009, several death threats directed at Australian High Commissioner James Batley, and the expulsion of additional journalists and diplomats. The economy fared poorly, despite the recommencement of gold mining at Vatukoula and some recovery in tourist arrivals. The inner circle around Bainimarama tightened after the Fiji Labour Party (FLP) ministers—including party leader Mahendra Chaudhry—left the cabinet. In October, a panel of three judges sitting on the high court in the *Qarase v Bainimarama* case ruled that post-2006 coup presidential decrees were lawful, thus legitimizing the actions of the interim government.

In January 2008, the National Council for Building a Better Fiji (NCBBF) held its first meeting. Opening the proceedings, Catholic Archbishop Petero Mataka echoed the position of his co-chair Frank Bainimarama by rejecting calls for a speedy return to the polls on the grounds that

"elections alone will not bring about democracy nor guarantee stability or end all coups" (*Fiji Times*, 18 Jan 2008). His statement set the tone for what became the core NCBBF message—an insistence on far-reaching electoral reforms to eliminate racism recycled as justification for the regime's resisting pressure to hold fresh elections by March 2009. Invitations to join the council were refused by deposed Prime Minister Qarase's Soqosoqo Duavata ni Lewenivanua (SDL) party and the Methodist Church, indicating that the majority of indigenous Fijians remained deeply opposed to the interim government's initiatives. Both of the major North Indian organizations, the Arya Samaj and the Shree Sanatan Dharm Pratinidhi Sabha, took up seats on the national council. So too did Mahendra Chaudhry's Fiji Labour Party, which had been backed by the vast majority of Fiji Indians at the elections two years previously. A small but vocal minority of Fiji Indians remained aloof; the National Federation Party refused to participate, as did the main South Indian organization, the Then India Sanmarga Ikya Sangam, and the Fiji Muslim League. In response, the regime cultivated rival South Indian and Muslim groups (for details, see Prasad 2009).

The draft People's Charter, released in August, proposed a set of core shared values including sustainable democracy, a common national identity, enlightened leadership, poverty

reduction, and economic development (NCBBF 2008a). Most were grand statements of principle that could have been embraced, at least rhetorically, by all of Fiji's post-independence governments, and the document was largely silent on concrete steps to be taken. A few proposals stood out. "Mainstreaming of indigenous Fijians in a modern, progressive Fiji" was to be promoted by adoption of a common name—"Fijian"—for all citizens (in contrast to the more usual everyday usage of "Fijian" to refer to the indigenous community and "Indian" to refer to those descended from migrants from the Subcontinent). Indigenous Fijians would henceforth be referred to as "i-Taukei" rather than "Fijian." That sparked a familiar debate and was predictably condemned by Qarase and the Methodist Church. In the mid-1990s reformists had encouraged usage of "Indo-Fijian" for those of Indian descent and "Fiji Islander" for all Fiji citizens. But those terms never caught on in everyday speech within Fiji, instead becoming confined largely to polite liberal and scholarly discourse. The new terminology is unlikely to acquire any greater currency.

The People's Charter included proposals for a radical overhaul of the electoral system. The complex preferential system used at the elections of 1999, 2001, and 2006 was to be dropped and replaced by an open-list, proportional-representation system, as used in Finland and Sri Lanka. Communal constituencies, in which citizens vote separately according to ethnic origins, were to be replaced by a fully common roll system, and the voting age was to be

reduced from 21 to 18. These were sensible proposals, which had been backed by many in pre-coup Fiji. The trouble was that they were now to be introduced under the barrel of a gun, with the regime backed by the Republic of Fiji Military Forces (RFMF) urged to do so by Father David Arms (a Catholic priest) and others associated with the Citizens' Constitutional Forum (Arms 2008). "As the military regime [is] more or less acting outside the Constitution," Father Arms proposed, "the NCBBF should take the opportunity to push through the electoral reforms and amend the Constitution, by taking advantage of the military authority and ignoring the legal constitutional requirements for making such changes." The suggestion was condemned as "treasonous" by former Leader of the Opposition Mick Beddoes, who lamented that "men of God" were in cahoots with "a military Junta, whose actions to date have been against the will of the people" (FijiLive, 6 June 2008).

The multiparty cabinet provision in Fiji's 1997 constitution, entitling all parties with over 10 percent of seats to participate in the cabinet, was also to be dropped. These arrangements had not worked well during the 1999–2000 Chaudhry or 2001–2006 Qarase governments. However, after the May 2006 polls, Qarase had brought nine FLP members into the cabinet. For the first time since independence, both of Fiji's major parties—one representing the ethnic Fijians and the other the Fiji Indians—were cooperating together in government. In the RFMF newsletter, Bainimarama had applauded "the evolution of this great and new concept of power sharing at the executive level

of government” and demanded “total support to the multi-party cabinet from each and every member of the Republic of Fiji Military Forces” (*Mataivalu News*, July/August 2006, 3). In practice, the arrangement turned out to be fraught with difficulty. Labour leader Mahendra Chaudhry had stayed out, seeking at first to retain the opposition leader’s office, then later protesting about the absence of clear “ground rules” for cabinet deliberations, and eventually publicly denouncing his colleagues for collaborating with Qarase. On the eve of the 2006 coup, Chaudhry insisted that FLP ministers follow the party whip and vote against the government’s budget, while Qarase demanded collective responsibility on the part of the cabinet. Had that experience shown that power sharing was unworkable, as many in Fiji and Australia argued? Was the weak design of the power-sharing laws—which had been belatedly inserted into the otherwise Westminster-based 1997 constitution—responsible? Most in Fiji blamed the politicians and the soldiers, not the design of the institutions.

From the coup-makers’ standpoint, the National Council for Building a Better Fiji was a legitimizing device, and a convenient means for separating collaborators from critics. It also provided a sense of purpose and direction that was otherwise lacking. For some civil society groups, the national council offered a platform for the advancement of laudable objectives—such as electoral reform, or just treatment for the poor and disadvantaged. Director of the NCBBF Technical Secretariat, John Samy, told viewers of Fiji TV’s *Close Up* in January

that he did not support the coup but wanted to provide an “exit strategy” for the commander and his Fiji military forces. Yet Samy, like the Catholic archbishop, accepted that the military had every right to reshape Fiji’s future, and that the country’s elected leaders and political parties could reasonably be blackmailed—under the threat of continued military control—into signing the charter.

NCBBF moderates urged that if the People’s Charter was to halt the “coup culture” some discussion of the RFMF role was necessary. To this, the commander happily acquiesced: the terms of reference for the working group on this matter urged extensive RFMF involvement in government deliberations on matters “related to national security” (NCBBF 2008b). The final document notably dropped that suggestion, proposing instead that the Fiji military be “answerable to the government and parliament in accordance with our Constitution” (NCBBF 2008a, 7). This was an achievement heralded by some as a major triumph (see, eg, FijiLive, 8 Aug 2008). In other respects, the charter embraced fashionable military phraseology; it urged that a “holistic approach to human security be adopted by our security forces” (NCBBF 2008a, 8), and that this approach figure centrally in a “changing role for the RFMF that brings it closer to the people” (NCBBF 2008a, 37). It aimed to “enhance the RFMF-community development partnership by strengthening its developmental role to ensure that its professional, technical and social potential is fully realised”—a role that was to be achieved through an “expanded engineering corps,” provision of “security

services,” biodiversity conservation, infrastructure rehabilitation, and engagement in youth training programs (NCBBF 2008a, 16).

Public outreach consultations to ascertain support for the charter were launched in August, with plans to cover two-thirds of the adult Fiji population. Bainimarama said that he intended to change Fiji’s constitution, but both he and John Samy flatly rejected recalling Fiji’s Parliament, despite this being the only constitutional route for enactment of their reforms. Instead, a President’s Forum convened with Commonwealth and United Nations assistance would, the commander hoped, encourage stakeholders to agree to the charter. To demonstrate a commitment to dialogue, Bainimarama held talks with Qarase over draunimoli (lemon leaf tea), brokered by the Catholic and Methodist churches. In October, he arranged a preliminary dialogue for registered political parties intended to set the agenda for the President’s Forum, which was opened with the bald threat that, unless consensus emerged around the commander’s favored reform program, there would be a protracted delay before the next election (*Fiji Times*, 28 Oct 2008).

Initial reports indicated negligible turnout around the country at the meetings that were being organized to solicit support for the charter, a verdict confirmed by the extension of the deadline for completion of consultations from October to December. Belatedly alerted to the popularity battle being lost, the NCBBF Secretariat countered that a strongly favorable response was being conveyed through the divisional

commissioners. The organs of state were now extensively mobilized in a nationwide propaganda campaign. Stories emerged of undue pressure on civil servants, including police and schoolteachers (see, eg, *Fiji Sun*, 3 Sept 2008). Fiji TV showed interviews with youths in Suva who had been cajoled into signing forms they found out only later to be endorsements of the charter (Fiji TV, 16 Nov 2008). Conversely, i-Taukei NCBBF members condemned the Methodist Church for soliciting signatures against the charter (Vesikula and Tabakauoro 2008). While the Methodist Church general secretary, the Reverend Tuikilakila Waqairatu, insisted that 80 percent of his fellow Methodists opposed the charter, Bainimarama countered that 92.5 percent of the wider population backed it. When Bainimarama’s figures were ridiculed, the interim government issued a clarification that 80 percent (424,660) of the Fiji population ages eighteen and older (533,782) had been consulted. Of these, 372,311 had completed response forms. Of these, 92 percent had affirmed support for the charter, 3 percent had requested changes, and 4.4 percent had rejected it. The government press release concluded that 64.2 percent supported the charter (Fiji Government 2008). Even the adjusted figures were not credible.

Claims of overwhelming support for the charter sat oddly alongside the interim government’s reluctance to hold elections, which notably sharpened over the course of the year. In October 2007, Bainimarama had committed himself to elections by March 2009 before a Pacific Islands Forum summit in Tonga. A joint Forum–Fiji Government working group had been

entrusted with plotting further steps along the agreed roadmap toward the scheduled polls, and working through the various technical obstacles that both sides agreed stood in the way of fresh elections (for a critique of this view, see Fraenkel 2009). A population census was allegedly needed, and constituency boundaries had to be redrawn, although the interim government showed few signs of haste in accomplishing these tasks, despite pressure exerted by Pacific Islands Forum Ministerial Contact Group visits in July and December. Similarly, there was little urgency in arranging talks with political parties or in preparing for the promised President's Forum. Criticism of the electoral deadline became a popular mantra among the regime's supporters, who urged that elections could not be held until the end of the hurricane season or the school holidays. That the real reasons were political, not technical, Bainimarama himself made clear: "we want to have an election," he said in one of his unscripted remarks, "but we want to have an election on my terms so that we can cut out the coup mentality" (*Fiji Times*, 31 May 2008).

An explicit public repudiation of the electoral commitment to the Pacific Islands Forum came in July and was transparently linked to an effort to play the European Union (EU) and the Commonwealth against the allegedly Australia/New Zealand-dominated Pacific Islands Forum. Aware that a European Troika mission was due to visit, the commander publicly broke off linkages with the Forum working group. Attorney General Aiyaz Sayed-Khaiyum extolled the virtues of the EU mission as "more flexible," "more

facilitative," and "more engaging partners" (*Fiji Times*, 20 June 2008). But the new enthusiasm for Euro-Pacific diplomacy proved short-lived. In July, Sayed-Khaiyum condemned the EU mission for inappropriately focusing on the election timetable (*Fiji TV News*, 14 July 2008). Commonwealth envoy Sir Paul Reeves arrived in Fiji and came close to successfully brokering negotiations, but his efforts were also eventually rejected, and other, more sympathetic interlocutors sought. In August, Bainimarama boycotted the Pacific Islands Forum meeting in Niue, where leaders threatened to suspend Fiji unless the agreed election timetable was met. The interim prime minister now insisted that there would be no elections until a new constitution, incorporating the People's Charter, was in place (*FijiLive*, 25 Aug 2008).

Fiji's post-coup political landscape was transformed in 2008 by the departure of Mahendra Chaudhry and his Fiji Labour Party from the cabinet. In January, Chaudhry's position had appeared to be consolidated, when a reshuffle saw the sacking, among several others, of Poseci Bune, who was known to have fought with the FLP leader. Tom Ricketts entered the cabinet, bringing the number of FLP ministers to three. Chaudhry now held an impressive array of portfolios—finance, national planning, the sugar industry, and public utilities—and was seen by many as the *de facto* prime minister. But the triumph was to prove short-lived. In February, a report commissioned by Chaudhry, which recommended the de-reservation of indigenous-owned lands (Krishnamurthi 2008), generated an outcry,

echoing the land controversies during the 1999–2000 government. Although Chaudhry distanced himself from the report, by midyear he was confidently assuring members of his National Farmers' Union in Labasa that the government intended to provide them with fifty-year leases on native-owned lands (Fiji TV, 1 June 2008).

Other controversies threatened to be more damaging. Since mid-2007, Fiji's newspapers had been reporting allegations of tax evasion by an undisclosed minister. In February, the *Fiji Times* named that minister as Chaudhry, sparking a F\$1 billion (US\$650 million) lawsuit in which the FLP leader's lawyers listed *Fiji Times* owner Rupert Murdoch's News International among the respondents. The claims stemmed from United Kingdom-based journalist, Victor Lal. As correspondent for the *Fiji Sun*, Lal alleged that A\$1.6 million (US\$1 million) had been deposited in bank accounts in Chaudhry's name during 2000–2002 (some by the Indian consul general in Sydney), and that interest on those earnings had not been declared to the Fiji Islands Customs and Revenue Authority (FIRCA) (Lal 2008b). The money, it turned out, had come from India, and comprised donations made in the wake of the deposed 1999–2000 prime minister's world tour after the coup of May 2000.

A scandal was inevitable. Before Parliament in 2005, Chaudhry had been grilled about the whereabouts of money collected on his 2000 voyages and had denied knowledge of any such payments (Chaudhry 2005). The bank records obtained by the Fiji newspapers, however, sug-

gested substantial withdrawals from 2001 onward. Under investigation, Chaudhry had supplied FIRCA with a letter written in September 2004 by one Harbhajan Lal, which purported to be a response to a query by the FLP leader as to the whereabouts of the money: "Respected Chaudhry Saheb, Nameste. We are hale and hearty here and please accept our good wishes. I received your letter. You have asked for details of the funds. You may recall that when you were here in the year 2000, we had formed a committee, which requested you to leave Fiji and stay in Australia since the situation in Fiji was not safe and you were not secure there. The committee also assured you that it would collect funds for your settlement in Australia" (quoted in Lal 2008a).

This correspondence was, at the very least, peculiar: Why was Chaudhry inquiring about funds in 2004 that he had been withdrawing since 2001? And was it, as the letter alleged, accurate that popular fund-raising in India had been intended to assist the Labour leader to relocate to Australia in the wake of the 2000 coup, rather than—as most in Fiji believed—to assist displaced Indian farmers evicted during the turmoil after George Speight's coup?

The plot thickened further when it was revealed that two FIRCA officials tasked with investigating Chaudhry's tax files had been dismissed in June 2007 (*Fiji Times*, 23 Feb 2008). One of the sacked officials, Lepani Rabo, told the media that military officers were now encouraging him to speak out (FijiLive, 23 Feb 2008). With the controversy at last public, Fiji's shadowy Military Council urged that

Chaudhry step aside, until proven innocent. The interim government belatedly agreed to a FIRCA investigation. But the terms of reference were so narrowly constructed—focused on whether FIRCA had conducted its inquiries on the matter properly, not whether Chaudhry had lied to Parliament in 2005 or misappropriated funds donated to Fiji's Indian community—that the outcome was predictably a whitewash. The inquiry team even accepted that the three-time finance minister was unaware of FIRCA procedures for handling interest payments on overseas deposits. Through all of this, Chaudhry issued no media statement attempting to reconcile his tax records with his statement to Parliament or explaining to his FLP supporters the reason for his personal acquisition of donations collected in India after the 2000 coup. In the short run, the FLP faithful rallied around their embattled leader. In the longer run, his image was inevitably tarnished. A *Times*-Tebbutt opinion poll in early 2009 suggested that many Fiji Indians had transferred allegiances to the RFMF commander, while most ethnic Fijians remained loyal to Qarase (*Fiji Times*, 21 Feb 2009).

Chaudhry's position was made more precarious by the fact that, as finance minister, he was presiding over a severe austerity package, rendered necessary by the post-coup slowdown. Fiji's gross domestic product contracted sharply in 2007, largely due to falling tourist earnings, weak performance in the sugar industry, and the closure of the country's gold mine at Vatukoula on Viti Levu. Reserve Bank estimates of the depth of the 2007 contraction grew steadily worse: first

-2.5 percent (RBF, March 2007); then -3.1 percent (RBF, June 2007); -3.9 percent (RBF, Dec 2007); -4.4 percent (RBF, March 2008); and finally -6.6 percent (RBF, July 2008). Growth in the gross domestic product for 2008, initially anticipated at 2.2 percent (RBF, Dec 2007), was downgraded to around 1 percent by the end of the 2008, after the ANZ Bank suggested that the Fiji's Reserve Bank predictions were too optimistic (ANZ Bank 2008). Severe declines were evident in most sectors, but construction was particularly badly hit. Fiji Islands Bureau of Statistics data covering building permits issued, and completion certificates, suggested that the post-crisis rebound in capital investment—which was expected, following the pattern after the 2000 coup—had not materialized by the end of 2008 (FIBS 2008b).

Where there were signs of recovery, they were weak. Gold mining recommenced in 2008 after the re-opening of the Vatukoula mine, but with a workforce around a third the size of that employed by Emperor Gold Mines before its closure in 2006. The number of tourists visiting Fiji's shores grew strongly in the second half of 2008, encouraged by new flights from Australia by Virgin Blue Airlines. However, heavy post-coup discounting of package deals ensured that earnings remained subdued. Major investments initiated prior to the coup had resulted in a 16 percent increase in hotel-bed capacity, rendering the discount deals all the more necessary. On the other hand, there were major tourism infrastructure casualties. At the large Momi Bay resort development in southwestern Viti Levu, partially

completed bures (Fijian-style thatched villas) lay exposed to the elements and water had seeped back into the drained lagoon. A post-coup shift in the interpretation of FIRCA taxation rules helped to ruin Bridgecorp, the New Zealand company that financed the project. The neighboring Natadola Beach resort development, which had been taken over by new FLP-associated interim government appointees on the board of the Fiji National Provident Fund, also suffered setbacks, including abandonment of the multimillion-dollar golf course designed by renowned Fiji-born golfer Vijay Singh.

Sugar exports, long purchased by the European Union at prices two to three times higher than those on the open world market, also weakened over 2007–2008. In May 2008, British company Tate & Lyle announced a contractual commitment to purchase 250,000–300,000 metric tonnes of sugar per annum from Fiji during 2009–2015. The deal was under the terms of the new Economic Partnership Agreement with the European Union, signed in December 2007. The price paid per metric tonne, initially €335.2, is nearly a third lower than the 2007 price of €496.8 and is to decline toward world market levels by 2015 (around €250 at present). (In mid-2008, one euro was equivalent to approximately US\$1.56.) A major difficulty is that the Fiji Sugar Corporation (FSC) has not been reaching the output level of 250,000 metric tonnes, and for two years has had to import sugar from India to meet domestic and Pacific Islands demand. The company vehemently denies illegal re-exports of Indian sugar. FSC Chief Executive Deo Saran insists that with import costs

at F\$770 per tonne, and European prices around F\$950 per tonne, the country still earns a sizeable surplus by importing Indian sugar (FijiLive, 10 Oct 2008). The dilemma is that as prices decline, growers will logically exit the industry, so that reaching the 250,000-tonne target will become increasingly unlikely. Regular breakdowns at the four sugarcane mills, and deterioration of cane access roads and rail infrastructure, are likely to compound those difficulties. EU aid money aimed at assisting rehabilitation of, and diversification away from, the sugar industry was cancelled for 2007 and 2008 as a result of the coup, with larger allocations in 2009 and 2010 conditional on the holding of elections. The Fiji Sugar Corporation announced a loss of F\$19.3 million over the financial year ending May 2008 (FijiLive, 31 Aug 2008).

Even before the coup, the national debt had been running at over 50 percent of the gross domestic product. The post-coup slowdown and the rescinding of the deposed government's intended increase in the value-added tax further damaged government finances, putting pressure on the finance minister to rein in the state's annual deficit, or to urgently seek new sources of financial support—such as the F\$230 million loan Ambassador to China Jim Ah Koy was busily negotiating in Beijing. Judged by the 2008 budget figures, Chaudhry presided over substantial falls in state spending during 2007: the public sector wage bill fell by 9.7 percent, transfer payments by 15.9 percent, spending on goods and services by 28.2 percent, and capital expenditures by 44.8 percent (see ADB 2008, 235).

Nevertheless, interest payments rose by 23 percent, and in fact the reported 9.7 percent wage bill fall stemmed largely from the halting of the previous accounting practice of showing value-added tax on wages and salaries (see Narsey 2008; Chaudhry 2008). Pressure to make savings or to boost FIRCA collection of revenues was mounting, not least to fund a massive coup-related blowout of budgeted expenditure on the Fiji military forces (see Firth and Fraenkel 2009). It was this fiscal dilemma that ultimately led to Mahendra Chaudhry's fall from military grace.

In July, Chaudhry imposed export duties at twenty cents per liter on exports of bottled water, leading the ten mineral water export companies operating in Fiji to temporarily cease production in protest. The largest, Natural Waters of Fiji Ltd, had over the preceding five years skillfully transformed its bottled artesian water from Yaqara in northern Viti Levu into a global branding triumph (known as Fiji Water), getting its distinctive colorful square bottles pictured on hit television shows like *Ally McBeal*, *The Sopranos*, and *The West Wing*. By 2008, the company had three hundred employees at its Yaqara plant and was extracting around 240 million liters per annum. Fearful of the risks of damaging one of Fiji's few export success stories, the cabinet rescinded the measure, severely weakening Chaudhry's position. Fiji's Military Council issued an ultimatum demanding Chaudhry's resignation, echoing its previous response at the time of the controversy over the tax evasion allegations. Bainimarama departed overseas, and rumors spread that

Chaudhry had been told to clear his desk before the commander's return. Seeking to avoid a public sacking, Chaudhry sought the support of senior FLP executives for a resignation of all three FLP ministers, which—despite some reluctance among those who had acquired lucrative and powerful positions in the new order—he eventually secured.

Now outside the cabinet, Chaudhry carefully distanced the Fiji Labour Party from the 2006 coup, arguing that he had joined the interim cabinet only because—based on the experience of previous coups—a speedy reversion to constitutional democracy was unlikely. Until this point, it had been the Labour leader's son, Rajendra Chaudhry, who had articulated FLP disenchantment with the regime, condemning as “incompetent” the Fiji Independent Commission Against Corruption's investigations into the Fiji Sports Council (on which he had sat as a board member) and the Labour-led Nasinu Municipal Council. A public spat with the RFMF media spokesman, Major Neumi Leweni, culminated in an interview with the younger Chaudhry on Fiji tv's *Close Up* talk show being pulled off the air by the police in June. In October, Rajendra Chaudhry attacked Bainimarama's decisions over the previous months as “flawed,” saying that a tightening circle of “political misfits” including Aiyaz Sayed-Khaiyum, John Samy, and Parmesh Chand was exerting too great an influence (FijiLive, 7 Oct 2008). That insight presumably came from his father. The elder Chaudhry's criticisms were more muffled; the rupture was not yet complete. Nevertheless, out

of the cabinet, the Fiji Labour Party criticized the “complicated” electoral proposals in the People’s Charter and rejected the NCBBF objective of abolishing the nineteen Indian communal seats (FijiLive, 22 Sept, 19 Sept 2008). At times the party even clamored for speedy elections, reversing its earlier blunt rejections of the allegedly foreign-imposed electoral road map.

In mid-2008, the first results of the 2007 census of population were published by the Fiji Islands Bureau of Statistics. These indicated a substantial demographic shift; whereas in the previous census (1996), indigenous Fijians had comprised 50.8 percent of the population and Fiji Indians 43.7 percent, the balance was now 57.3 percent to 37.6 percent in favor of ethnic Fijians. High levels of out-migration of Fiji Indians since the mid-1980s were responsible. Departures had peaked in the wake of the 1987 coup. By the mid-1990s, continued high Indian emigration was mainly responsive to higher standards of living available overseas and the new possibilities generated by the establishment of significant Fiji Indian communities in New Zealand, North America, and Australia. Indian net emigration fluctuated around 4,500 per annum during the 1990s, even rising slightly during Chaudhry’s year in office, suggesting that pull factors had become more significant than push factors in determining the level of annual departures. The 2006 coup generated a new spike in Fiji Indian out-migration: 8,500 departed during 2007, compared to just under 1,000 ethnic Fijians (FIBS 2008a). Altogether, the Fiji Indian population was 42 percent lower by 2008 than it would have been without the exodus

overseas (as estimated by extrapolating forward the 1.9 percent growth rate witnessed during 1976–1986).

In tandem with the People’s Charter, the interim government also pursued consultation exercises aimed at reforming indigenous Fijian customs and hierarchical structures. A three-member review team headed by the Tailevu chief, Ratu Tu’uakitau Cakanauto, found its core proposal of an “apolitical” role for the Great Council of Chiefs ignored. Instead, the new fifty-two-member council was to comprise only “traditionally installed” chiefs; chiefs who had served as members of Parliament or the Senate were to be disbarred. The chairman was to be the minister of indigenous affairs—a position held at the time by Commodore Bainimarama—who would also control GCC appointments. Cakanauto resigned rather than head the scheduled follow-up consultation, intended to solicit support for the new regulations, saying “it’s not ‘vakaturaga’ (chiefly) to go back to them and present something contrary to the discussions we had” (FijiLive, 19 Feb 2008; *Fiji Times*, 20 Feb 2008). “This coup is all about dismantling the Fijian chiefly system, customs, traditions and their institutions,” concluded Tui Namosi and former SDL cabinet minister Ratu Suliano Matanitobua. “Who is the leader of the army to dictate the direction and the decisions of the GCC?” (*Fiji Times*, 22 Feb 2008). At the annual Methodist conference in August, paramount chiefs of the three confederacies handed a tabua (whale’s tooth) to church leaders applauding their leadership in the struggle against the People’s Charter.

Some provincial chiefs indicated sympathies for the new order. Ratu

Tevita Uluilakeba Mara, commander of the Third Battalion Fiji Infantry Regiment, seized control of the Lau Provincial Council in June, after ensuring prominent SDL-associated rivals were locked out of a meeting on the Suva seafront. Ratu Tevita's father, Ratu Sir Kamisesa Mara, Fiji's former prime minister (1970–1987 and 1987–1992) and president (1993–2000), had died in 2004, an event viewed by many from those eastern and Tongan-influenced islands as symptomatic of the end of the Lauan ascendancy. Now Mara's dynasty was back, and his sons-in-law, Ratu Epeli Nailatikau and Ratu Epeli Ganilau, were in the interim cabinet. Bainimarama, himself a "Mara man," was echoing the elitist but moderately multiracialist themes of his mentor's Alliance Party. Traditional leaders from other provinces (in particular Rotuma, Serua, Bua, and Macuata) also sought to accommodate the regime. Some provinces, like Cakaudrove—where bitter opponent of Bainimarama and ex-SDL minister Ratu Naiqama Lalabalavu reigned as Tui Cakau—were deeply split. In Ba, in the western part of Viti Levu, loyalty to President Tui Vuda Ratu Josefa Iloilo encouraged some support from the Vuda area, but several other prominent western chiefs were firmly opposed. A regular fixture on Fiji tv's nightly news shows was Ratu Josefa Nawalowalo, who joined both the National Council for Building a Better Fiji and the GCC Review team and enthusiastically backed the reform program. As a result, he lost his chairmanship of the Kadavu Provincial Council.

The new-look Great Council of Chiefs held no meetings in 2008, but toward the end of the year, new

Interim Indigenous Affairs Minister Ratu Epeli Nailatikau convened a Bose ni Turaga (Council of Chiefs, as distinct from the Great Council of Chiefs). This was a gathering for the lower-rung chiefs, intended to undermine the authority of the paramount chiefs—such as Ro Teimumu Kepa (Rewa), Ratu Inoke Takiveikata (Naitasiri), and Ratu Naiqama Lalabalavu (Cakaudrove)—who were closely associated with the deposed SDL government and vigorously opposed Bainimarama and his interim government. Held at the army's Queen Elizabeth Barracks in Suva, the gathering brought together one hundred twenty-five lower-level chiefs (see *Fiji Times*, 18 Dec 2008) to hear—among other things—a presentation from the Institute of Fijian Language and Culture about lack of "common courtesy" and "respect" among younger Fijians, as well as presentations about HIV, appropriate technologies, and fisheries; they also witnessed RFMF demonstrations of weaponry. While some ridiculed the event as an occasion for Christmas shopping by village elders (FijiLive, 20 Dec 2008), SDL Director Peceli Kinivuwai acknowledged that "the meeting has effectively driven a wedge between our paramount chiefs, Turaga I Taukei, and some Turaga ni Yavusa" (FijiLive, 19 Dec 2008). That Rewa's recently installed Vunivalu, Ro Epeli Mataitini, was present at the barracks revealed a schism with the Roko Tui Dreketi, Ro Teimumu Kepa, who had refused to attend Ro Epeli's installation several months earlier. Presence at the Bose ni Turaga, however, did not necessarily entail support, and several of the chiefs at the event urged the commander to go back to the polls, or beseeched their fellow vil-

lage elders to preserve Fijian identity in the face of the perceived challenge from the People's Charter.

On 9 October, a year after the commencement of deliberations, the High Court of Fiji issued a judgment in the *Qarase v Bainimarama* case (High Court of Fiji 2008). This was the case brought by the deposed prime minister against Bainimarama and the president, contesting the constitutionality of the post-coup interim administration. The panel of three presiding judges included acting Chief Justice Anthony Gates, Justice John Byrne, and Justice Davendra Pathik. At the March hearings, the state's lawyers had abandoned the usual international arguments intended to legitimize coups, for example, in Pakistan or Nigeria. Precedents set by the 2000 and 2001 Chandrika Prasad cases in Fiji (Lautoka High Court 2000; Court of Appeal 2001)—the first of which had been heard by Justice Gates—rendered such arguments impossible. Fiji's president could hardly have been claimed to be acting under the "doctrine of necessity" on 5 December 2006, since he was on that day jettisoned from office, and when restored in January 2007 he had made no attempt to bring back the elected government. The other alternative, an appeal to Kelsen's theory of revolutionary legality (the so-called "doctrine of effectiveness"), was also an unworkable line of defense—not least because the interim government claimed that the 1997 constitution was still intact. Had the 1997 constitution instead been abrogated, it would nevertheless have proved impossible for defense lawyers to put up a convincing case—following the

requirements listed in the Chandrika Prasad cases—that no alternative government existed or that there existed general popular "acquiescence" in the post-coup arrangements.

Instead, state lawyers successfully pressed for the bench to ignore any question about the legality or otherwise of the 5 December coup. The focus was rather to be on the validity of rule by presidential decree after Ratu Josefa Iloilo was reappointed on 4 January 2007. The high court found that the president had used extraordinary "prerogative powers," which—although not explicitly set out in the 1997 constitution—exist in all Commonwealth countries and are available for use in exceptional circumstances. "We find that exceptional circumstances existed, not provided for by the Constitution, and that the stability of the State was endangered. We also find that no other course of action was reasonably available, and that such action as taken by the President was reasonably necessary in the interests of peace, order and good government" (High Court 2008).

The decision was widely condemned by legal scholars and political commentators (see Williams and others 2008). The 1997 constitution closely specifies and restricts the powers of the president, rendering obsolete the sorts of "reserve powers" occasionally found by judges in other jurisdictions. "Exceptional circumstances" clearly existed, but these had arisen due to the military coup and could not be reasonably used to justify the appointment, as prime minister, of the military commander who had carried out that coup.

While an appeal was set for April

2009, few predicted that it would succeed. Fiji's judiciary had been extensively reshaped in the wake of the 2006 coup. All six expatriate judges on the panel of the Court of Appeal resigned in 2007, and others followed suit in 2008. In his farewell address in January, Justice Roger Coventry warned that the judiciary had "hemorrhaged," and urged Fiji lawyers to remember that "acquiescence is the friend of illegality." Chief Justice of Australia Robert French explained that he could not renew his appointment to the Fiji Supreme Court because to do so would entail an "implicit bargain" with the interim government, and that "when faced with a challenge to the lawfulness of the government itself, such a judge could be seen to have a conflict of interest" (*The Australian*, 2 May 2008). High Court Justice Gerard Winter similarly concluded, "I could not renew my warrant in 2008 if the military regime was still in power as to do so would run contrary to my original oath of office" (*The Australian*, 15 Aug 2008). Those judges who took up appointments were often quite explicit about their support for the military-transfigured judicial order. Victorian barrister Jocelyne Scutt, the former Tasmanian antidiscrimination commissioner, was widely criticized in Australia after accepting a position on Fiji's High Court (*The Australian*, 14 March, 22 Aug 2008). Thomas Hickie took an appointment in March, and thereafter regularly lambasted the media for refusing to acknowledge the independence of the judiciary.

During 2008, the International Bar Association was twice prevented from entering Fiji, first in February

and then again in December. Over the course of the year, lawyers associated with critics of the regime were, at one point, called into court to be berated by an angry judge and, in another case, barred from entering Fiji. Judges indicated their preparedness to sit on appeals against their own judgments, where normal protocol would have suggested that they step aside. In the wake of the High Court decision in *Qarase v Bainimarama*, Fiji's attorney general threatened those criticizing the judgment with "contempt of court" proceedings. When both the *Fiji Times* and the *Daily Post* published a letter challenging the decision of Gates, Byrne, and Pathik, the government took legal action. That both newspapers pleaded guilty was indicative of the media's increasing submission under the new order. *Fiji Sun* publisher Russell Hunter had been deported in February and *Fiji Times* publisher Evan Hannah was deported in May, both whisked out of the country at speed to avoid enforcement of court orders. The once staunchly pro-SDL *Daily Post* was, by the end of the year, reduced to dutifully publishing pro-interim government propaganda. Nevertheless, some courageous local intellectuals—including lawyer Graham Leung, economics professor Wadan Narsey, and former Vice President Ratu Joni Madraiwiwi—continued to openly criticize the regime and their comments were widely reported in the press.

A critical step in the effort to consolidate a new legal order had been the forced removal of Chief Justice Daniel Fatiaki, who had been confronted by soldiers with the option of resigning or going "on leave" in January 2007.

In early 2008, charges were finally laid against Justice Fatiaki, including falsifying tax returns, “failure to uphold the dignity and high standing of the office,” and complicity in assisting the Office of the President in drafting illegal decrees in the wake of the 19 May 2000 coup. In December, however, the attorney general reported having reached a settlement with the deposed chief justice: in return for a formal resignation and the dropping of proceedings relating to his removal from office, Fatiaki was to receive F\$275,000 and to be allowed to draw his pension and other benefits as a retired judge (Fiji Government 2008b). In return, the interim government agreed to drop all charges against the former head of the judiciary, suggesting that the anticorruption rhetoric of the cleanup campaign was less important than capturing the key levers of judicial power. Acting Chief Justice Anthony Gates was formally sworn in as Chief Justice of Fiji.

Fiji ended 2008 with little cause for optimism. The “interim” government had entrenched and isolated itself over the course of the year, another indication of which was the expulsion of acting New Zealand High Commissioner Caroline McDonald on Christmas Eve in retaliation for Wellington’s travel bans. It had been a year filled with propaganda emanating from the National Council for Building a Better Fiji and the GCC Review Team, but there was little sign of any groundswell of support for the interim government’s initiatives. The idealism of the cleanup campaign, which had been the original justification for the December 2006 coup, had been tarnished by serious allegations against

the finance minister and, indeed, the commander himself (whose receipt of F\$185,000 in back pay for leave not taken since 1978 was under investigation by the auditor general). Instead, the multiracialist objectives of the People’s Charter had acquired primary significance in the quest for popular legitimacy, but here too the emphasis on the necessity for electoral reform looked increasingly like a delaying tactic. The dissolution of Fiji’s municipal councils in December suggested that, far from heading back toward constitutional democracy, the interim government was busy dismantling yet a further tier of elected government. The worsening economic situation internationally, coupled with Fiji’s homemade and coup-driven slowdown, looked set to make 2009 a difficult year.

JON FRAENKEL

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NEW CALEDONIA

New Caledonia is gaining more control over its own affairs, due to negotiated accords that promised it economic “rebalancing” and evolving autonomy. Paris has continued to delegate more powers of self-government to the country, and 2008 was a year to reflect on the anniversaries of the peacemaking Matignon-Oudinot Accords of 1988 and the Noumea Accord of 1998 (the latter of which has come to constitute a sort of interim constitution). Kanak cultural identity made further advances in local institutions, as did symbols associated with the agreed pursuit of a “common

destiny.” But politics in this small, multiethnic society of only a quarter million people continued to be contentious and complex, as seen in the municipal elections in March, ongoing party splintering, and the approach of provincial elections in May 2009, which will elect a Congress empowered to discuss an independence referendum. Despite a sharp drop in nickel prices over the year because of the world economic slump, mining expansion continued, though the Goro metal processing plant project in the South remained controversial. Labor unions were active, but more aggressive police interventions limited their strike actions. France still provided massive financial aid to the territory—more than US\$2 billion annually—and planned further France-Pacific summits, while also using New Caledonia's new associate membership in the Pacific Islands Forum to help spread French influence in the region.

Since 2004, ad hoc cooperation has grown between the centrist loyalists of Avenir Ensemble (AE, Future Together) and the pro-independence parties. Both groups support government intervention in social and economic planning more than the conservatives, who criticized the new trend as “socialism” or “state capitalism.” But AE leader Philippe Gomès, president of the populous Southern Province, called it “economic will” to master strategic resources and labeled the conservative free trade vision “American style ultra-liberalism” (NC, 26 Sept 2008). Because of the inflated cost of living (food prices are twice as high as in France and local housing costs equal those of Paris), the AE-led Congress imposed price and rent controls

last year, and this year its formula limited rent increases by half, while it continued to build more affordable lodging with French aid (NC, 18 Jan, 5 July 2008). Congress has lowered income taxes on the middle class as well as inheritance taxes; has purchased majority ownership of Enercal (New Caledonia's primary power producer and supplier); and has actively negotiated the transfer of responsibility for secondary education—which France took over in 1967—back to New Caledonia. It is working on plans to coordinate economic development among the three provinces and to regulate the mining industry, rather than leave the latter to the “anarchic and quasi-wild” style of the past (NC, 13 Aug 2008). The South has started economic activity zones in cooperation with indigenous customary leaders to provide jobs in tribal reserves, and its vast Gouaro Deva ecotourism project near Bourail has combined provincial, private, and customary input in a plan to develop 24,000 acres by the sea (NC, 8 Aug 2008). By June 2008, the centrists were proposing to territorialize ownership of the Société le Nickel (SLN), the country's largest mining company and employer.

From April through June various commemorations of the peace accords were held, including ceremonies on Ouvea to mourn the violence that had taken place there in 1988. That tragedy was portrayed in a film by Mehdi Lallaoui, which was broadcast on television. In an interview, former Premier Bernard Pons called the Ouvea hostage crisis and the deaths of twenty-five people “one of the saddest moments of my life.” Yet he defended actions taken by French troops against

the Kanak militants who had killed four gendarmes and taken hostages to protest against Pons's proposed regressive statute for New Caledonia (which would have reduced the powers of Kanak-ruled provinces instead of promoting self-rule). Pierre Frogier of the loyalist Rassemblement pour la Calédonie dans la République (RPCR) objected to what he saw as bias in the made-for-television film and published a letter to “young people” in the territory in which he blamed the Front de Libération Nationale Kanak et Socialiste (FLNKS) for the violence. He also argued that there were victims in both camps during the 1980s “events,” not only in Hienghene (where eleven Kanak were ambushed in 1984) and Ouvea (where nineteen Kanak were killed). He said that the famous handshake between loyalist Jacques Lafleur and Kanak independence leader Jean-Marie Tjibaou in 1988 constituted a moment that young people should emulate by reaching out to each other “without forgetting anything in this past” (NC, 17 May 2008). Colloquia reflecting on the two anniversaries were held in Paris and Noumea and were attended by scholars and participants in both accords, on 26 June, the date the 1988 Matignon Accord was reached. Former Premier Michel Rocard, who had successfully brought Tjibaou and Lafleur together to negotiate, spoke in Paris and Noumea about his reflections, even suggesting that in the post-cold war world of increasing globalization and regionalism, now-autonomous New Caledonia “is already independent.” “The concept no longer has meaning,” he opined, since France has ceded some of its once-sovereign powers to the

European Union (NC, 27 May 2008). Yet French voters rejected the proposed EU constitution in 2005, and many have agitated against further immigration. France also retains UN Security Council veto power and has its own nuclear weapons, hinting that it regards the concept of independence as meaningful.

Two rival visions of plausible outcomes for New Caledonia's "common destiny"—the goal set out in the Noumea Accord in 1998 and written into the French constitution the following year—have emerged in recent discourses as a possible referendum on independence approaches in 2014. Metropolitan French and local loyalists often speak of federalism, since New Caledonia's three provinces each have a significant degree of autonomy and the territory itself (as an "overseas collectivity") is gaining increasing autonomy from France. Legal scholar Jean-Yves Faberon views this "double federalism" (internal and external) as a "guarantee against intolerances" because each province can develop in its own way, while France remains an "impartial arbiter" between the immigrant and indigenous groups. He presented his analysis at the Paris colloquium on the accords organized by Jean-Marc Regnault (TPM, June 2008). The current French high commissioner (Yves Dassonville), the former premier (Rocard), and loyalist political leaders also tout this federal arrangement, sometimes pointing to the troubles in neighboring anglophone Melanesian countries, and the interdependence created by globalization, as sound reasons to drop the "outdated" idea of independence. Frogier even proposed holding the referendum in 2014

to "purge" the independence question and ensure that New Caledonia remains "in" France. Territorial President Harold Martin proposed instead a consensual negotiation before 2014 to remove "doubt" about the future (NC, 5 Jan, 6 June 2008).

Ever since Edgar Pisani's futile proposal of independence-in-association in 1985, which Tjibaou regarded as a real "opening" in constructive dialogue, the trend among some independence supporters has been to speak of "sovereignty in association with France" as a possible compromise, but usually as a step toward full independence. In June, Victor Tutugoro of the FLNKS said he did not mind Rocard's blithe comments about the obsolescence of independence, admitting (as Tjibaou had twenty years earlier) that countries are not completely independent today, but that, nevertheless, sovereignty "is the ability to choose one's own interdependencies." He said, "The demand for independence stops on the day it succeeds," implying a maximalist approach, and he added that the FLNKS was prepared to go to the United Nations, the Melanesian Spearhead, and the Non-Aligned Movement for support, as it had done in 1986 to lobby for New Caledonia to be put back on the UN decolonization list (NC, 17 June 2008). Paul Neaoutyine, president of the North, has said, "independence is not negotiable, it's a right like breathing," and those who claim that globalization has negated it are engaging in "subterfuge" (Neaoutyine 2006, 94). In response to grandiose statements at the Paris colloquium that New Caledonia had already reached a state of independence (except for the powers

reserved for France, namely military, public order, the courts, money, and foreign affairs), Neaoutyine suggested that the speakers needed to decolonize their minds (Le Goff 2008). Even Senator Simon Loueckhote, formerly of the RPCR, has formed his own party, Le Mouvement de la Diversité (LMD), and is studying Pacific cases of “free association,” the arrangement proposed by the United Nations in 1960 as one way to end unequal colonial status (NC, 9 June 2008). In a sense, the distinction between federalism *in* France and association *with* France depends on what perspective the speaker is looking from—Europe (at least mentally, in the case of loyalists) or the Pacific. The former privileges the metropole while the latter centers the country in Oceania.

In March 2008, local municipal elections mobilized political rhetoric again, as a kind of rehearsal for the provincial elections in 2009. Over two thousand candidates competed in thirty-three communes. The FLNKS tried to run on a single list supporting the transfer of self-governing measures from France, though in many communes local alliances often cross the lines of territorial parties, and sometimes rival FLNKS members like Parti de Libération Kanak (Palika) and the Union Calédonienne (UC) compete. In the multiethnic capital, Noumea, where most of the country’s population and economic activity is concentrated, the FLNKS joined a list with progressives, since Kanak residents tend to vote in their home districts in the North or Islands. Neaoutyine of Palika emphasized the transfer of powers and the progress of the Koniambo project in building greater economic

balance in the country, both of which, he said, were important to “us who want to become independent” (NC, 18 Feb 2008). Among loyalist parties, the AE and RPCR competed mainly in the South, and the AE backed Jean-Pierre Aifa’s campaign to regain Bourail on a platform of local development. Seven lists competed in Noumea, including the new Labor Party created by the pro-independence Union Syndicaliste des Travailleurs Kanak et Exploités (USTKE), whose separatism was lamented by the FLNKS, much as Loueckhote took away votes from the RPCR. In the runoff for mayor, Loueckhote and Sonia Lagarde of the AE could not agree to ally against the incumbent, with the result that Jean Lèques of the RPCR won a fifth term. Aifa won in Bourail, but the AE lost Dumbea to the RPCR (PIR, 18 March 2008). In the North, Neaoutyine won a close race in Poindimié after a spouse-abuse conviction, but Martin easily won again in Paita in the South. Overall, a relative equilibrium endured, as the AE and RPCR each controlled six communes, though Noumea dwarfed the others in size. Pro-independence lists won the rest, except for some mixed council majorities, and five women (three pro-independence and two loyalist) became mayors (NC, 18 March 2008).

The other political spectacle of the year was growing dissension in the loyalist parties, most notably in the AE, whose Gaullist members had been courted by the RPCR ever since the latter won both the deputy seats (again) in the 2007 legislative elections to the French National Assembly. In addition, the RPCR won 40 percent of the votes in the South in the com-

munal elections and Frogier retains the presidency of Congress. This has prompted Frogier to assert that the RPCR is the premier party in the country, although in reality it has only a fourth of the total seats in Congress. The “government,” or territorial executive chosen by Congress, has its own president, Martin of the AE. Martin, however, belongs to the RPCR’s metropolitan Gaullist ally, French President Nicolas Sarkozy’s Union pour un Mouvement Populaire (UMP), whereas several other AE leaders, such as Didier Leroux, belong to former French President Giscard d’Estaing’s party, the Union pour la Démocratie Française (UDF). Yet Martin continued to uphold the AE’s social democratic policies, in spite of Frogier’s call for more “deregulation” of the economy and a less “socialist” reading of the Noumea Accord (French Socialist premiers had negotiated both peace accords). Martin ridiculed the quest for “national” symbols in New Caledonia, and criticized the transfer of control over secondary education to the territory, despite UMP Premier François Fillon’s affirmation that such transfers of responsibility are “the real motor of the Noumea Accord.” Pierre Bretegnier of the RPCR also attacked interventions in the economy by the provincial governments as “socialist” (NC, 7 Jan, 29 March, 12 Sept 2008).

Tension grew in 2008 between two factions of the AE, that of Martin and Leroux, and that of Gomès. Gomès accused Martin-Leroux of moving too close to the RPCR, while they in turn accused him of cooperating too much with the FLNKS. The political “center” thus appeared to be torn between the country’s two rival poles,

though in reality neither polemical representation was entirely accurate, and at least part of the conflict was over personalities. In January, Christine Gambey of Libération Kanak Socialiste (LKS)—who was elected in the South on the AE list in 2004, and in 2007 used a blank ballot tactic to enable the FLNKS to gain an extra seat in the government executive (via proportional representation)—was abruptly fired from the South’s tourism authority. She called it an “ambush” and blamed Gomès, the president of the South, while Leroux and others defended her (NC, 30 Jan 2008). She said the good of the country was more important than egos, and that the true AE was “an up-to-date, contemporary, multiethnic party, in the spirit of our common destiny, a party that promotes tolerance,” unlike the RPCR (NC, 18 July 2008). In June, each AE faction held a separate party congress. Although 12 out of 16 AE delegates in Congress stood by Gomès, Leroux was elected head of the Martin faction. By then, the local branch of the right-wing Front National (FN, the party of Jean-Marie Le Pen in France, which is virulently anti-immigrant) had also divided into two factions, one of which formed a new party that aimed to gather dissidents from other parties into a new coalition (NC, 20 June, 21 June 2008).

Amid this loyalist splintering, the AE schism got nastier, as Gomès’s group was refused official permission by Congress President Frogier to sit as a new party and thus lost access to posts in the congressional commissions, to the advantage of the FLNKS. Gomès’s AE also lost its appeals in the administrative court, but it finally

formed a new party regardless, Calédonie Ensemble (Caledonia Together, CE), and maneuvered for more access to posts (NC, 8 Sept, 13 Oct 2008). Situated between the RPCR (13 seats) and the FLNKS/LKS (18 seats), 23 seats were now held by seven splinter groups, including Loueckhote's LMD (NC, 22 July 2008). The Noumea newspaper said such diversity could be a sign of either a healthy democracy or a cancer in the loyalist camp (NC, 3 July 2008). Gomès claimed his new party would "carry the real country," as opposed to the Martin-Leroux AE rump, which had "definitively rejoined the RPCR." He sought to build "a little nation within the French nation" on constructive dialogue, increasing self-government and socioeconomic progress (NC, 13 Oct 2008). Leroux, who belongs to the metropolitan UDF, not Sarkozy's Gaullist rump, said that his AE was still the same party that had won power in the 2004 provincial elections: "The RPCR wants Caledonia in France, but without the others or above the others. The independentists want very much the others but without France. We want both, because radicalization is a mortal danger" (NC, 9 Oct 2008). While the RPCR and FLNKS both want a referendum on independence in 2014 (but for opposite reasons), both AE groups oppose it and instead support dialogue to reach a consensus before then to avoid another 1980s-style violent conflict (NC, 10 Oct 2008).

Meanwhile, in the 2009 provincial elections, the FLNKS have vowed to repeat the unity shown in the 2007 French legislative elections, when Charles Pidjot of the UC won 45 percent of the ballots in the second dis-

trict (mostly in the North and Islands provinces). The Congress elected in May 2009 will be chosen by a more restricted electorate of long-term residents. The FLNKS hopes to sweep the North and Islands, and for the first time also win seats in the South, and through allying with progressives gain a majority (NC, 22 Sept 2008; *La Voie du FLNKS* Sept–Oct 2008). Frogier deployed a boxing analogy when he argued that the AE had never been a real party and had engaged in wasteful government interventions in the economy: "I knocked to the mat the president of Congress [then Martin] and the president of the Government [then Mrs Marie-Noëlle Thémereau]. Gaël Yanno [of the RPCR] sent to the ropes the president of the Southern Province [still Gomès]." Accused by other parties of using his position as Congress president to stall the passage of reform laws, Frogier says his goal is to restore the RPCR to power, which it had held for almost twenty years before 2004, "because we must exit quickly from the logic of independentists against non-independentists, and purge the question of independence to build a society composed of a diverse human community. . . . Caledonian society will be more and more mixed [métissée]" (NC, 16 Oct 2008). Diverse perhaps, but assimilated? At the RPCR convention, Frogier had talked dismissively of the Noumea Accord, with its transfer of responsibilities and proposed Kanak "national" symbols, and accused the FLNKS of failing in its administration of the North because of divided leadership and in its duty to seek pardon for loyalist Melaneseans who were persecuted in the 1980s (NC, 5 Oct 2008). Victor Tutugoro of the

FLNKS argued that the Kanak uprising at that time was against a dominant system that had negated Kanak identity, even though the Kanak people repeatedly invited non-Kanak to join them in building a country (NC, 9 Oct 2008). The LKS reiterated that inclusive, “Oceanian” view in the Islands Province: “The right of indigenous peoples does not exclude others”; they also noted that the RPCR itself had experienced dissensions (NC, 23 Oct 2008).

In October, pre-provincial election party conventions raised the tone of political rhetoric. The AE of Martin-Leroux, which Gomès accused of being too close to the RPCR, instead took offense at Frogier’s attacks on the AE in October and defended its reformist, state-guided development record. “The RPCR has not changed. . . . the reasons why we created the AE in 2004 still exist,” Leroux noted. “We are now the only credible rampart against the return of the RPCR, against the return of a partisan movement whose aggressiveness divides New Caledonia into two blocs. We don’t have the right to allow the social advances allowed by the AE to be called into question” (NC, 20 Oct 2008). Gomès proposed helping the middle class with zero interest rates on home purchases and touted the success of his development programs in the South. Martin followed suit at the territorial level, offering affordable housing and progress in choosing local identity symbols (NC, 29 Oct, 3 Nov 2008). The FLNKS bid for unity, however, was threatened by the ongoing rivalry between Palika (which has dominated the coalition in recent years, especially in the North) and the

UC (the oldest political party in New Caledonia and the former leader of the FLNKS under Tjibaou). The UC saw the world financial crisis as an opportunity to gain local control over the mining industry, since France was retrenching its budget, and to make local citizenship a reality, to protect employment preferences. Pidjot even dismissed the annual accord signers committee meeting (though other UC leaders went in his place, including former UC President Rock Wamytan), to protest what he saw as the changed role of the French State from arbiter to pro-loyalist actor while allowing Kanak and Wallisians to continue their intercommunal struggle at the bottom of the economy. Too many meetings and words, he complained, and not enough action on implementing the Noumea Accord’s lingering promises. In addition, increased economic diversification along with more open discussion within the FLNKS would give greater voice to the frustrated UC constituency, because Palika completely excludes it from power in the North, where UC-backed clans stage customary protests against environmental and other abuses by provincial mining projects (NC, 3 Nov, 1 Dec, 4 Dec 2008). Like the UC, however, Palika reiterated its demand for independence, and the continued transfer of responsibilities from Paris to the local government. It also cited the progress made in the Koniambo project and the Korean processing plant, and advocated a unified electoral campaign in 2009, especially in the South (NC, 7 Nov 2008; KOL 21 Nov 2008), although the smaller parties in the FLNKS seemed to want territorial party unity more (NC, 1 Dec 2008).

The annual meeting of the signers of the Noumea Accord in Paris added more fuel to the verbal fire, though all sides nevertheless took heart from Sarkozy's pledge of French support for the successful completion of the continuing devolution of powers to the territory, as promised in the accord. Some loyalists had already been disappointed by reductions in French military presence overseas and a budgetary reform that reduces the payment of retirement pensions at "indexed" rates (almost twice the metropolitan level) for those who move overseas, even if they had never resided in New Caledonia before retirement (NC, 11 Nov 2008). In late November, Sarkozy told a delegation of New Caledonian mayors that France would respect both the letter and the spirit of the Noumea Accord, helping to "create the conditions in which the population will be able to freely choose its destiny." "Everyone has the right to defend his convictions," he said, "and whatever they are, all Caledonians are faced with the same challenge: lasting success at living together in the same land." He outlined five goals for the French overseas territories: increase competitiveness, build affordable housing, improve external transportation links, create a professional workforce, and preserve nature while promoting durable growth (NC, 29 Nov 2008). Two weeks later, Sarkozy repeated his attachment to the accord, recognizing the legitimacy in New Caledonia of both the indigenous Kanak and immigrant communities in their dual quest for a common destiny. He said that promised transfers of responsibility would continue, as would dialogue between labor unions

and employers (as long as public order was respected); protection of cultural and biological diversity; promotion of education to overcome social imbalances; and mining projects, which are "strategic for our country"—an echo of Gaullist thinking in the 1960s. In their responses, Neaoutyine, Frogier, Martin, and Gomès expressed positive sentiments about Sarkozy's sincerity but spun his speech to their own liking. "We must accept our past," said Neaoutyine, president of the North, "because we are in a process of decolonization and emancipation." Frogier applauded "the return of the State's authority" as an actor, though he later complained that not much of substance was said except for assurances that secondary education would maintain its quality (NC, 10 Dec, 17 Dec 2008). Martin emphasized the need for consensual decision making, predicting that even the 2009 provincial elections would not produce a ruling majority in Congress (NC, 17 Dec 2008). Palika and the UC resumed sniping at each other afterwards, but Gambey organized an association to pursue funding for youth (NC, 15 Dec 2008). The Labor Party supported independence, with the Kanaky flag as the new national emblem. Its radical anti-colonial stance was applauded by allies from France such as the Greens, Trotskyists, Corsicans, and Larzac peasant leader José Bové, who said the world crisis of free market capitalism was an opportunity to reflect on systemic economic change (NC, 17–18 Nov 2008).

Meanwhile, the Société Minière du Sud Pacifique (SMSPP, or South Pacific Mining Company), which is owned by the Northern Province, has a

US\$4 billion processing plant project underway at Koniambo, of which it commands 51 percent of the shares in partnership with Swiss Xstrata. Also, the SMSP has just opened an ore processing plant in South Korea, of which it owns 51 percent of the shares in partnership with Posco. The company even offered to help the territory to purchase the SLN, which might be accomplished by trading locally owned shares of the SLN's parent company, Eramet (NC, 28 June, 30 June 2008). The SMSP was preparing the site for its Koniambo plant and nearby seaport and housing developments, with the help of tax breaks and financial aid from France (US\$260 million), revenues from selling ore to Posco in South Korea, and various bank loans (NC, 1 March 2008). The North also established an environmental protection policy, but has been impeded on several fronts: local firms protested against the hiring of transporters from the South, interclan disputes raged over land claims (NC, 16 May 2008), and the territorial government refused to allow nineteen Filipino "specialists" (cheaper than locals) to work on the site (NC, 20 Aug 2008). To make matters worse, the global financial crisis reduced the price of nickel to US\$13,450 a ton in October (NC, 16 Oct 2008; PIR, 23 Oct 2008), Koniambo investor Lehman Brothers failed and a Chinese bank pulled out of the project, as did the construction firm that had hired the Filipinos. But a Swiss bank soon replaced Lehman, and the opening of the Posco processing plant in Korea improved the SMSP's credibility in Asia (NC, 24 Oct 2008). Xstrata has assured the province that if necessary it will finance the

Koniambo project on its own, using dividends temporarily withheld from the province, but the risks of multinational mining deals became ever more apparent (NC, 3 Dec 2008).

In the South, now that UNESCO is protecting the lagoon, construction of the US\$3.2 billion, twice-halted Goro nickel processing plant was proceeding, despite the lingering environmental issue of how to dispose of its toxic waste. Separating increasingly limited amounts of ore from massive amounts of excavated soil requires poisonous chemicals. The Goro project director for INCO of Canada (now in fact owned by the Brazilian firm Vale) has insisted that the waste is too expensive to evaporate, because the humid climate is too moist to dry it naturally, and the electrical heaters needed to do it would require too much power and create too much air pollution! (NC, 26 March 2008). The plan, contested in protests and in the courts, was to lay a twenty-one-kilometer heavy plastic pipe, perforated only in the last link, from the plant out to the Havanah Channel in the interim between the whale and cyclone seasons of 2008 to allow production to start in 2009 (NC, 25 Oct 2008). In response, Gomès imposed an extra tax on the pipe of 1 percent of Goro's total business, and he proposed raising the country's share of royalties from 10 percent to 20 percent (NC, 16 Feb 2008). As for Raphael Mapou's association, Rhéébù Nùù, which had battled INCO for six years over environmental, economic, and customary land issues, it won the municipal election in nearby Yaté and erected a Kanak totem pole on a hill above the Goro site to symbolize continuing vigilance (NC, 15 March,

14 July 2008). In September, Rhéébù Nùù signed a “pact for durable development” with Goro Nickel, in which it promised to abide by law and order in return for the creation of a foundation to finance local economic and educational enterprises, a consultative customary environmental oversight committee, and a funded reforestation project. The association claimed, “We have verified that there would be no irreversible pollution,” much to the dismay of ecologists and political sympathizers (NC, 27–29 Sept 2008; KOL 7 Oct 2008). Meanwhile, INCO’s permit for the nearby Prony West site (granted almost for free by the former Southern Province regime of Jacques Lafleur) was definitively revoked on appeal in June, after a long legal struggle. Gomès awarded the permit to the SLN, despite its prediction of reduced nickel production in 2009 due to the global economic slump. Gomès had negotiated the possibility of increasing royalties on Goro to 20 percent, and if the SLN builds a processing plant at Prony, the country will own 25 percent of the shares, in line with his goal of increasing local control (NC, 16 June, 26 Sept, 4 Dec 2008).

In the most industrialized country in Oceania, labor unions remain a powerful force in creating pressure for progress (eg, favoring local hiring, a key component of creating a local citizenship). Unfortunately, they also disrupt many people’s lives, as with blockades of ports and roads for few tangible gains. Dramatic union action has often served as a means to attract followers to the leading labor organizations, but High Commissioner Yves Dassonville (like his boss Sarkozy in France) has been severe

with militant strikers. The Union Syndicaliste des Ouvriers et Employés de la Nouvelle-Calédonie (USOENC) retained its number one ranking in the May union elections with over 5,000 supporters, as a result of its detailed platform for combating the high cost of living and its preference for “social dialogue” (NC, 5 May 2008). Sylvain Nea’s maverick Confédération Syndicale des Travailleurs de la Nouvelle-Calédonie (CSTNC), often accused of being allied with the RPCR against the AE regime, mobilized long, disruptive strikes in 2005 and 2006, but was more subdued this year after several court convictions (NC, 30 Aug 2008). The USTKE, which came in second in the labor union rankings, battled riot police and tear gas and threatened the life of a bus company boss in January (NC, 18 Jan 2008); called a general strike to protest against arrests; demonstrated in May despite the use of tear gas; and called two more general strikes, resulting in twenty court convictions, fines, and prison time for some of its members (NC, 10 Sept 2008). The USTKE-affiliated Labor Party won 6,000 votes in fourteen communes in March, for a total of thirty-three elected city councilors, despite FLNKS complaints of disunity (NC, 31 March 2008). In December, a proposed “law of the country” was set before Congress to grant local citizenship (and thus employment opportunities) only to ten-year residents, unless an employer can prove an individual of shorter residence has irreplaceable qualifications (NC, 10 Dec 2008).

France increased its budgetary aid to all its overseas territories to more than US\$5 billion, earmarked especially for social spending and

economic development, with 40 percent of the funds to go to New Caledonia (PIR, 1 Oct 2008; NC, 1 Oct 2008). That news was welcome as the territory and provinces faced budget cuts due to the drop in nickel prices. The resource-poor Islands Province dipped into its reserves to maintain services and wages, but the populous South and Noumea actually increased their budgets for 2009 to continue internal social rebalancing and economic expansion. The RPCR and Leroux-AE opposed the added expenditures, but Gomès's CE and elements of the FN voted to continue "durable development" (NC, 13 Dec, 20 Dec 2008). A moderate budget passed in Congress due to support from the Leroux-Martin AE, the RPCR, the FN, and Loueckhote; Gomès's CE and the LKS voted against it, and the FLNKS abstained. Bernard Lepeu of the UC said, "The time of skinny cows has arrived, but the government continues to lower taxes" (NC, 24 Dec 2008). Fully one-fourth of New Caledonians are judged to be in poverty (NC, 11 Dec 2008), prompting Didier Guenant-Jeanson of the USOENC to suggest that it was time to reform the retail sector; he said, "We import inflation," which is at a record 3.3 percent, while agriculture is neglected (NC, 5 Dec 2008). But in Paris, an expensive new House of New Caledonia was opened to serve students and others from the "Caillou" (literally, rock, ie, New Caledonia) in France, and to hold cultural events in the name of promoting a common destiny and identity (NC, 24 Nov 2008). French high commissioners and ambassadors in the Pacific also met in Noumea to

discuss "regional integration," and the International Organization of French-Speakers (Francophonie) headed by former President Abdou Diouf of Senegal sought links with the Pacific Islands Forum, now that New Caledonia and French Polynesia are associate members (PIR, 8 Oct, 14 Nov 2008). Gaston Tong Sang, president of French Polynesia, visited Noumea to try to negotiate a project of cooperation. However, local nationalists did not like his idea of moving in Tahitian workers to help with New Caledonia's mining projects, so not much was accomplished other than photo opportunities with Martin and Frogier (NC, 21-23 Oct 2008).

France clearly desires peace in New Caledonia and wants to change its own image in the region from what it was in the 1980s when nuclear testing in French Polynesia and the suppression of the Kanak independence movement drew antagonism across the Pacific. Sarkozy is reducing the size of the French military, including its presence in New Caledonia, and reforming the costly indexation of civil servant pensions, which has allowed retirees to move to the Pacific territories and receive almost double their money, thus contributing to local inflation (NC, 26 May, 17 Sept 2008). Now that UNESCO has declared them a World Heritage site, France has also vowed to protect New Caledonia's coral reefs, partly because it wants to patrol the territory's (and the French Pacific's) large exclusive economic zone (NC, 28 Jan, 11 Feb 2008). French Overseas Minister Yves Jégo wants to make sure that the transfer of self-governing responsibilities from Paris to Noumea

(provided for by the Noumea Accord and the organic laws of 1999) goes smoothly because, he said, “Our France is not a race, not a land, not a skin color . . . it’s the sharing of a universal quest for liberty, equality and, let’s not forget, of brotherhood. Our France, it’s this nation without parallel which has known how to enlighten the world with its brilliance and to gather into its crucible such different men and women” (NC, 30 May 2008). At the Pacific Islands Forum in Niue in August, Martin touted the Noumea Accord and progress made toward a common destiny in New Caledonia (NC, 21 Aug 2008). Jégo announced that the next France-Pacific summit would be held in Noumea in 2009: “To answer globalization is to integrate the overseas territories into their regional environment.” The French presence was welcomed because of “instability” in Fiji and elsewhere, said the ambassador to Australia (NC, 30 Aug 2008).

In cultural affairs, Kanak identity found additional recognition in the creation of customary police who will replace French gendarmes as state agents in tribal dispute cases, thus transcribing oral palavers into written records (PIR, 21 May 2008; NC, 21 March, 23 Oct, 10 Dec 2008). An academy of Kanak languages has begun to take shape, as agreed in the Noumea Accord, to help promote the teaching of indigenous languages in schools, especially in the multiethnic South where urbanization and language loss pose a greater threat than in the North and Islands (NC, 25 Feb 2008). To deal with rising juvenile delinquency and urban gangs, a new

local diploma was created to train youth activity organizers (NC, 11 June 2008), and social policies were being developed to address the increasing number of squatter camps and homelessness in the South, with input from the Customary Senate (NC, 7 Aug, 17 Nov 2008). In December, a Wallisian man was beaten to death by Kanak youths in the Place des Cocotiers in Noumea, while a trial was underway about a fatal shooting in 2002 during the conflict in St Louis between Kanak and Wallisians, after which some of the latter had to be evicted (PIR, 8 Dec 2008; NC, 11 Oct 2008). These events highlight the need for attention to the economic underclass in the South.

In 2003, President Jacques Chirac visited New Caledonia and, on a whim, banned questions about ethnicity from the local population census that year, despite arguments that such data were needed to measure economic disparities and rebalancing. In 2008, an agreement was finally reached to allow the addition of ethnic questions in the 2009 survey (NC, 24 Jan, 9 Oct 2008). The current population is estimated at 245,000. In keeping with the Noumea Accord’s provision for creating new local identity symbols, a hymn and motto—“land of words, land of sharing” (with the term “words” [in French, *paroles*] connoting oral discourse and commitment)—were chosen in public contests, with bank note designs awaiting a decision on whether to adopt the euro. The more contentious new country name and flag will have to be negotiated by a committee (NC, 27 June 2008). Billy Wapoto, director of the Protestant

Educational Alliance, said in June at the ceremonial Mwâ Kâ totem pole in Noumea, “Rebalancing among people happens through the rebalancing of thinking” (NC, 27 June 2008).

DAVID CHAPPELL

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PAPUA NEW GUINEA

The year 2008 began on a high note with a state visit by Australian Prime Minister Kevin Rudd from 6–7 March, heralding the dawn of a new era between Papua New Guinea (PNG) and Australia. Almost four years of diplomatic friction had begun in 2005 when Prime Minister Sir Michael Somare had to go through three security checks and remove his sandals at the Brisbane airport for security

personnel. The Australian government refused to apologize for the incident, calling it a cultural misunderstanding between Papua New Guinea’s “big man” culture and Australian norms and security procedures. This sparked public protests in Port Moresby and prompted the PNG Department of Foreign Affairs to summon Australian Ambassador Michael Potts to explain.

Diplomatic relations between the two countries were further strained in 2006 when the international fugitive Julian Moti was spirited out of Port Moresby to Solomon Islands in a clandestine operation on a PNG Defence Force aircraft. The Australian government retaliated by banning PNG politicians from entering Australia.

Rudd’s trip to the country was the first such visit by an Australian prime minister in eleven years and was well received by Papua New Guinea as a rejuvenation of its relations with Australia. The visit culminated with the two countries signing a forest carbon partnership whereby both countries agreed to reduce greenhouse gas emissions caused by deforestation and forest degradation.

Following his meeting with Sir Michael, Rudd released the “Port Moresby Declaration,” stressing Australia’s commitment to a “new era of cooperation with island nations of the Pacific.” The twenty-point declaration outlines Australia’s plans related to economic development across the Pacific, as well as their intentions to help Pacific Island nations make progress toward the United Nation’s Millennium Development Goals; to pursue the Pacific Partnerships for Development; to work together with other countries to meet the challenges

of climate change; and to achieve better outcomes for health and education, among other goals (*The National*, 7 March 2008).

On 16 September, the country celebrated a rare accomplishment for any of the multiethnic states in the region: thirty-three years of political independence as a thriving democracy comprising multiple ethnic groups with over 800 different languages. To commemorate the anniversary, the Somare government launched the first government-owned National Television Station on Independence Day, signifying a monumental development in Papua New Guinea's broadcasting history.

It was also a significant year for Sir Michael, the current and founding prime minister, as he celebrated his fortieth anniversary in PNG politics (1968–2008). This makes him the longest-serving prime minister in the Commonwealth. As PNG political history has been plagued by numerous votes of no confidence, Somare became the first prime minister in history to survive a full five-year term in office (2002–2007) and seems likely to make it through his second (2008–2012)—despite numerous affirmations that he will retire from politics before his term expires.

However, Somare's celebrated longevity in politics did not come with a clean slate. In June 2008 he was referred by the PNG Ombudsman Commission—a political watchdog and institution that he helped create—to the public prosecutor for alleged misconduct in office. Somare was investigated over allegations that he failed to file his annual returns (statements accounting for expendi-

tures of District Support Grants and discretionary funds) or filed them late or incomplete on many occasions since 1992 (RNZI, 8 May 2008; Radio Australia, 2 July 2008). In June, the then chief ombudsman, Ila Geno, said the investigation was “based on section 4 of the Organic Law on the Duties and Responsibilities of Leadership, which requires leaders to furnish to the Ombudsman Commission their annual statements every 12 months while in office.” This was “the first time since the Leadership Code was enacted for a PNG Prime Minister to be referred for prosecution on misconduct charges” (*The National*, 27 June 2008).

Another blow to Somare's reputation came in November when an Australian newspaper reported that in April 2007 he had bought a three-bedroom apartment with a private plunge pool in inner-city Cairns for A\$395,000, through a deal brokered by a Gold Coast lawyer. Two months before, his son Arthur bought a four-bedroom home with his wife at Trinity Beach, just north of Cairns, for A\$685,000. (One Australian dollar was the equivalent of approximately US\$.93 in 2007.) Arthur Somare denied any suggestion of wrongdoing in the purchase of his property, explaining that it was to accommodate his children studying in Australia. The legal counsel for the Ombudsman Commission, Vergil Narokobi, said that the commission would investigate, but it is quite possible that the transactions were legitimate (*The National*, 7 Nov 2008).

Meanwhile, Opposition Leader Sir Mekere Morauta said that the Somares owed it to the people to reveal their assets and to explain

publicly how they obtained the real estate. Sir Mekere, in the same year, bought a riverfront mansion at New Farm in Brisbane's inner city under his wife Roslyn's name, for A\$3.6 million. In another controversial case, it was alleged that the prime minister did not declare his shareholding in the company Pacific Registry of Ships Ltd. The official registry showed that Sir Michael is a shareholder "in trust for the Independent State of PNG." All of these allegations have contributed to overshadowing Sir Michael's achievements in his political career and eroding his symbolic status as the "father of the nation."

The ruling National Alliance Party experienced a major setback when it lost a number of seats due to election petitions filed after the 2007 general elections. On 21 February, the National Court voided the election of Minister for Education Michael Laimo, a National Alliance Party candidate. Laimo lost his parliamentary seat due to irregularities and illegal practices committed during the 2007 elections. Steven Kami, a New Generation Party candidate, challenged the election result on the grounds of gross errors, omissions, and illegal practices committed by Electoral Commission officials (*The National*, 22 Feb 2008).

The next setback came on 23 April 2008 when East Sepik Governor Peter Wararu Waranaka was unseated because of a K50 bribe he had given a voter. (The PNG kina was the equivalent of US\$.38 at the time.) This resulted from an election petition filed by contender and runner-up candidate Gabriel Dusava.

Then, on 11 September, former Chief Justice and Madang Governor

Sir Arnold Amet was ousted from his seat by an election petition filed by businessman and former politician Peter Yama. Comments made by Prime Minister Somare during the 2007 election campaign urging voters not to vote for polygamists or people of shady character led the court to rule in favor of Yama, who apparently has three wives (*The National*, 12 Sept 2008).

In an election petition against elected Western Highlands Governor Tom Olga, a former prime minister and 2007 election contender, Paias Wingti, asked the court for a recount, alleging errors and omissions committed by Electoral Commission officials during the polling and counting of votes. Wingti won a recount of all provincial ballot papers in March 2008, turning up gross anomalies and omissions on the part of electoral officers, which resulted in the court declaring the election of Governor Tom Olga null and void. In what could have been a related incident, the Western Highlands provincial headquarters, known as Kapal Haus, was completely destroyed by fire on 22 October 2008. It was believed that supporters of one of the candidates were responsible for burning down the building.

On 5 June 2008, the Autonomous Region of Bougainville lost its founding president, Joseph Kabui, to a suspected heart attack. Kabui played an instrumental role at the height of the Bougainville crisis and in the peace building and reconciliation process. To succeed him, James Tanis, a former separatist, beat thirteen other contenders to be elected president of the Autonomous Region of Bougainville on 28 December. A new chapter in

Bougainville's history began in April when the PNG national government and the Autonomous Bougainville Government (ABG) signed a memorandum of understanding on the transfer of mining, oil, and gas functions to the Bougainville government.

The rate of economic growth accelerated in 2008 to 6.6 percent, is expected to reach 7 percent in 2009, and is likely to remain on solid ground, potentially above 5 percent per annum, for the next few years (*Independence Magazine* 2008, 7–8). This remarkable growth in the economy can be attributed primarily to the stable political climate bolstered by the Organic Law on the Integrity of Political Parties and Candidates (OLIPPAC) and the government's receptiveness to foreign investment and competition in some key sectors of the economy such as mining, construction, and telecommunications.

According to the World Bank, in the past five years Papua New Guinea has seen the longest period of uninterrupted growth since independence. World Bank's half yearly assessment of East Asian and Pacific economies indicated the gross domestic product rose by around 6 percent in 2007, the highest real economic growth rate in the past decade. Formal employment across most sectors has been growing by about 10 percent annually since 2005. This growth was led by construction, telecommunications, and export-oriented agriculture (coffee, copra, and palm oil) and mining (*The National*, 2 April 2008). While giving high marks to PNG economic performance on most fronts, the World Bank stated that despite a comfortable macro-fiscal position, significant

structural and policy challenges limit its long-term growth potential. In order to stimulate private investment, particularly outside the mining sector, the critical priority is improving the business climate, especially by opening more markets to competition.

Mobile connectivity between two of the rival telecommunication companies, the government-owned Telikom PNG and the Irish company Digicel, dominated the early part of the year, including interconnection issues and tussles over the rights for the international gateway. On 16 April, the government used its numerical strength to pass amendments to the Telecommunication Act, effectively removing the international gateway enjoyed by Digicel. Minister for Information and Communication Patrick Tam-mur introduced the amendments to make Telikom PNG the only licensed general carrier. Opposition leader Sir Mekere Morauta said that there was no justification for the amendments, that they would not benefit the people and would take away private companies' rights. It would also create a monopoly for Telikom PNG. After several months of delay and customer frustration, interconnection between Telikom PNG and Digicel finally came to fruition on 26 June.

According to the 2007 Information and Communication Technologies Opportunities Index of the World Information Society Report 2007—published jointly by the International Telecommunication Union and the UN Conference on Trade and Development—Papua New Guinea ranked poorly (162 out of 183 countries) on an international benchmark report on access and use of information and

communication technologies (ICT), including mobile telephony, fixed landline phones, and Internet (*The National*, 2 April 2008). The PNG government will need to allow more competition in the telecommunication industry and relax its stringent ICT policy to reverse the country's ranking.

There were also a number of significant developments in the mining industry. In early February, the Emperor Mines officially handed over the Tolukuma Gold Mine to the PNG company Petromin Holdings Ltd, in a ceremony held at the mine site. It was the first time in history that a state company bought 100 percent of a gold-producing mining concern (*The National*, 22 Feb 2008).

One of the biggest and most promising projects in PNG mining industry got a head start in 2008. The liquefied natural gas (LNG) project will become the biggest mineral resource extraction seen since independence and the third largest such development project in the world. In October the PNG Parliament passed nine amendments to the Oil and Gas Act that will, among other things, provide tax concessions during construction of the US\$10 billion project. Under Exxon-Mobil, it is projected to produce 6.3 million tonnes per annum of liquefied natural gas. With Asia likely to be the main market, the first LNG sales are expected to occur in late 2013 or early 2014. The project development comprises the upstream infrastructure including production wells, processing facilities, and a network of pipelines linking the wells to the facilities and to the main export gas pipeline. Other developments include the gas pipeline from the highlands to the LNG plant location just outside of Port Moresby,

the LNG facility itself, export loading, and other support facilities located near Port Moresby (*The National*, 2 April 2008).

The PNG government created greater certainty in the LNG scheme after concluding the financing agreement for A\$1.68 billion to fully finance its 19.4 percent equity in the massive project. (The Australian dollar had fallen to approximately US\$.65 by November 2008.) The finalization of the transaction will see the International Petroleum Investment Corporation (IPIC), wholly owned by the Abu Dhabi government in the United Arab Emirates, acquire exchangeable bonds over the PNG government's 17.6 percent shareholding in Oil Search. This would enable the state to receive principal financing from IPIC, which would be placed in an escrow account that could only be drawn down for specified purposes related to the project (*The National*, 26 Nov 2008).

In a bid to control the state's equity, the PNG resource company Petromin Holdings took court action to take control of the state's Oil Search shares given to the Independent Public Business Corporation (IPBC) where the prime minister's son Arthur Somare is the minister. However, Petromin Holdings withdrew the case after its board was threatened with being sacked. National Planning Minister Paul Tiensten slammed the legal challenge launched by Petromin Holdings against IPBC as the state's nominee for the multibillion-dollar LNG project (*The National*, 14 Nov 2008). The Parliament passed legislation to shut Petromin Holdings out completely and, in turn, empowered the IPBC as the State nominee to sign the deal with IPIC.

The government plans to keep proceeds from its direct equity participation in the ExxonMobil-led LNG project in a trust account outside of the budget. These funds would be used on development projects in line with the government's long-term development strategy (*The National*, 3 Dec 2008).

In an unprecedented step in April, Isaac Lupari, the chief secretary to the government, was sacked after a National Executive Council meeting in Madang Province. Minister for Public Service Peter O'Neil said that the action was "in the best interest of the state" and necessary to move the country forward. Lupari had been brought over from Brussels where he was serving as the PNG ambassador to the European Union (EU) to replace Joshua Kalinoe as chief secretary.

The removal of Lupari angered the Highlands members of Parliament. Southern Highlands Governor Anderson Agiru commented that the National Executive Council decision was a slap in the face of highlanders (*The National*, 29 April 2008). The government announced that it would bring forward legislation in the July session of Parliament to abolish the Office of Chief Secretary as well as the Central Agencies Coordinating Committee. The government has started the process with the creation of ministerial sectoral committees in a proposed restructuring, following the dismissal of the chief secretary (*The National*, 30 May 2008).

The public service was also beset by a number of problems. A commission of inquiry looking into the cases of financial mismanagement and corruption at the Finance Department has on a number of occasions come

to a standstill supposedly because of lack of funds. Complaints were made that the commission had been sitting on the inquiry and yet were being paid hefty fees without any inquiry reports for the last three years. Among the files was Chief Secretary to the Government Isaac Lupari's claim against the state for breach of contract when he served as the head of various government departments. In early April, Chairman Maurice Sheehan announced that the commission was ready to look into the Finance Department's payouts involving millions of kina made to claimants between 1 January 2000 and 31 July 2006 (during the period, one kina ranged from US\$.26 to US\$.34). The inquiry revealed that the government could have saved K63.46 million in payouts resulting in "deeds of release" and another K15.71 million under "default judgment" payouts.

In a startling revelation early in February, National Planning Minister Paul Tiensten alleged that officers in Vulupindi Haus, the building that houses his department, were asking for 10 percent commission before processing checks and payments. He said that this 10 percent check-processing syndicate was operating in three departments—National Planning and Rural Development, Finance, and Treasury—implying that officers in the departments were involved (*The National*, 22 Feb 2008). Tiensten also stated that more than K3 billion from the 2006 and 2007 supplementary budgets was sitting idle in trust accounts in Waigani, managed by department heads. Despite all the mechanisms to facilitate a smooth and expedient implementation of programs, only 10 percent of the funds

had been drawn and expended to date. Tiensten argued that the system and bureaucracy continue to fail the government (*The National*, 9 Jan 2008).

The bureaucracy also came under severe attack from the government. Prime Minister Somare said that appropriations have been made in the budget, and that the problem was with lack of implementation by civil servants (*The National*, 7 Feb 2008). The national government described this bureaucratic failure as a “real nightmare.” Government priority programs in education, health, and law and order worth millions of kina have been rolled over for a number of years due to non-implementation, which has now become a source of real concern. This follows criticisms from a wide spectrum of society, in the light of government boasting about the economic boom and budget surpluses that are not reaching ordinary people.

Toward the end of the year the bureaucracy came under another stinging attack from the University of Vudal Vice Chancellor Professor Philip Siaguru. During a graduation ceremony Professor Siaguru lamented that the K23 million Chinese government-funded student dormitories and staff houses were still not occupied because the PNG government had not released K1.2 million for beds and wardrobes for the dormitories. Locating the problem in the corridors of Vulupindi Haus, he said he had been given the runaround by the departments of National Planning and Treasury since March (*The National*, 1 Dec 2008).

In July the *Post Courier* reported that more than US\$40 million was being held in a bank account in Singapore. The newspaper alleged that secret payments amounting to 2.1

percent of the sales of log exports was accumulating in this account, kept by a minister, since 2002. Opposition Leader Sir Mekere Morauta called on the government to investigate the allegations, saying that if they were true, it represented “the most serious case of corruption that has come to light to date.” Sir Mekere said that the amount of money involved was serious and the situation demonstrated that senior members of the government were using state institutions for personal gain. Corruption, therefore, according to Sir Mekere, has become systemic and institutionalized (*The National*, 3 July 2008).

Of similar magnitude was the reported US\$30 million “Taiwan dollar diplomacy scandal.” The *Post Courier* first reported in May that six Papua New Guineans allegedly received money from two Taiwanese middlemen and that National Planning Minister Paul Tiensten, who was then acting foreign affairs minister, allegedly signed a draft communiqué in September 2006 for Papua New Guinea to set up “full diplomatic relations” with Taiwan.

However, as it has done since independence in 1975, Papua New Guinea continues to recognize Beijing and the One China policy. Meanwhile, the Opposition and the PNG chapter of Transparency International (TI) have condemned the actions of those involved and are seeking assistance to establish the truth. The country also lost one of its staunch fighters of corruption, the TI-PNG chapter chairman, Mike Manning, who died of a heart attack. The TI-PNG board of directors appointed Peter Aitsi as the new chairman.

In September, Benjamin Mul, the

member for North-Waghi, argued that the K2,017 fortnightly salary that members of Parliament receive was not enough to both support their families and entertain people who come to them for money (*The National*, 22 Sept 2008). Earlier in the year, Ken Fairweather, the member for Sumkar, appealed to the public, highlighting the financial plight of parliamentarians as a result of providing handouts to “bubus” (older family members) and their tribal entourage. PNG Trade Union Congress General Secretary John Paska slammed the moves to increase parliamentary wages and allowances, saying that this was the most “putrid and irresponsible” statement coming out of Parliament when most ordinary citizens are suffering from high cost of goods and services.

Meanwhile, the PNG Trade Union Congress has been pushing for an increase in minimum wages for workers, saying that the current minimum wage of K37.20 per week is grossly inadequate, with minimum-wage workers and their families struggling to make a living. Most minimum-wage earners cannot afford education and health care for their children due to the lack of adequate information on how to budget for goods and services while raising and educating their children. With the cost of living having increased dramatically, the trade union congress is proposing to the 2008 board for the minimum wage to be set at K120.00 per week or K240.00 per fortnight, a K40 increase over that proposed by the government (*The National*, 18 Dec 2008).

Despite some affirmative action incentives for political parties to nominate women candidates, women’s representation in Parliament has not

improved. Since independence only three women have managed to win a seat. Currently, the only woman parliamentarian, Dame Carol Kidu—the minister for community development and wife of the late chief justice, Sir Buri Kidu—is pushing for greater representation of women in Parliament.

Parliament recently endorsed a submission by Dame Kidu to bring in three women by 2009, using an amended constitutional provision for nominated seats. This will be the first time in the history of the country for women to be nominated as representatives from the floor of Parliament. However, Professor John Nonggor, a constitutional lawyer, criticized the move, saying that there were serious constitutional flaws in the initiative, one being that it may be challenged as sexually discriminatory (*Post Courier*, 22 Jan 2009).

The organic integrity law (OLIPPAC) was introduced by the Morauta government in 2003 to promote stability in Parliament. However, certain provisions dealing with the rights and conscience of elected members were restricted because they have to work along party lines. The law was challenged by Western Province Governor Bob Danaya. The three crucial problems with the law are that it (1) restricts the ability of members from exercising their votes in Parliament; (2) prevents them from resigning from political parties; and (3) prevents them from exercising their votes in accordance with their conscience and in the interests of their constituents (*The National*, 11 Nov 2008).

While speaking at a People’s Party convention, John Bishop, the director of funding and disclosure of the Office of the Integrity of Political Parties and

Candidates, revealed that according to the organic integrity law, companies are permitted to fund political parties and that companies and individuals should not be afraid to donate money to support political parties (*The National*, 29 April 2008). This may surprise some who hold the view that political parties and candidates should not accept external funding because of the danger of being unduly influenced by big businesses and corporations.

In August, Papua New Guinea finally was given the opportunity to participate in the Pacific seasonal worker scheme in Australia. Under a three-year pilot program, up to 2,500 workers from Papua New Guinea, Kiribati, Tonga, and Vanuatu will be employed for up to seven months in the horticulture industry.

PNG Foreign Affairs Minister Sam Abal and his Australian counterpart, Stephen Smith, also announced the renaming of the Enhanced Cooperation Program, through which Australian advisers were being seconded to PNG government departments. It will now be called the Strongim Gavman project and will help boost programs between the two countries. The announcement was made at the closure of the PNG-Australia Ministerial Forum in Madang. Also during the forum, National Planning Minister Paul Tiensten announced the Long Term Development Plan, a twenty-year initiative, incorporating the five-year medium-term plans. The long-term plan would run from 2010 to 2030 and would stress economic independence, economic growth by 10 percent, and higher quality education (*The National*, 24 April 2008).

In November, Papua New Guinea hosted the 16th African Caribbean

Pacific-European Union joint parliamentary assembly. In the same month, most of the coastal and island provinces were hit by rising sea tides as a result of La Niña. Reports of damage caused by sea swells came in from the provinces of Sandaun, East Sepik, Manus, New Ireland, Bougainville, and Morobe. The government immediately provided ƛ50 million in disaster relief to assist the stricken provinces.

In its 2008 report, the international human rights group Amnesty International described Papua New Guinea as having high levels of crime, and its police as having neither the ability nor the will to guarantee security to its public (*The National*, 30 May 2008). This was further corroborated in September in a Washington DC foreign policy publication, stating that Port Moresby is among the top five murder capitals of the world (*Foreign Policy* 2008). Police Commissioner Gari Baki was quick to rebut these statements, but drew little support from the public in light of the increasing crime in the nation's capital.

Many unanswered questions remain concerning the major scandals and the government's perpetual denial and sluggishness in investigating and prosecuting those involved. The cases outlined in this review, if unresolved, will continue to haunt the Somare government long after Sir Michael retires from the political scene.

SOLOMON KANTHA

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SOLOMON ISLANDS

For Solomon Islands, 2008 was dominated by the establishment of a new government, the mending of diplomatic relations, an attempt to improve governance processes, and the continuing challenges associated with post-conflict development and a struggling economy. For most Solomon Islanders there was an expectation that political leadership, especially at the national level, would improve. This was seen as the core of the country's challenges.

In late 2007, the Manasseh Sogavare-led Grand Coalition for Change (GCC) government, which had been in power since April 2006, was ousted in a motion of no confidence. Many of the cabinet ministers in the Sogavare government withdrew their support amid controversies over the appointment of Julian Moti to the position of attorney general and Jahir Khan as commissioner of police. In late 2006, the appointment of Moti, an Australian citizen wanted for child sex charges, strained relations with Australia and led to a diplomatic row that saw the declaration of the Australian High Commissioner to Solomon

Islands Patrick Cole as persona non grata in the Solomon Islands. This and other issues, including concerns about the GCC government's "dictatorial" leadership style, led to Sogavare's ouster.

Sogavare was replaced in December 2007 by Dr Derek Sikua, a longtime public servant who was in his first term as a member of Parliament. Sikua formed a Coalition for National Unity and Rural Advancement (C-NURA) government that faced many challenges, including how to deliver services and salvage relations with neighbors like Australia, New Zealand, and Papua New Guinea. Yet expectations were high for improved governance under C-NURA leadership. The failure of the Sogavare-led government to deliver on its "Bottom Up Approach" policy, the controversial manner in which it filled important positions, and its mishandling of diplomatic relations had caused widespread skepticism in the government, and placed pressure on the C-NURA government to turn the tides of public opinion. There was also a dire need to salvage Solomon Islands' reputation in the international arena, improve the delivery of social services, and provide credible leadership.

In January 2008, the C-NURA government launched its policy statement, outlining a broad number of issues that it hoped to address. One of the first things the Sikua-led government did was dismiss Julian Moti as attorney general and replace him with Gabriel Suri as acting attorney general. This was part of an attempt to give credibility to the Office of the Attorney General and to mend relations with neighboring countries, especially Australia. The commissioner of police,

Jahir Khan, who had been appointed under similarly controversial circumstances, was also asked to resign.

Immediately after assuming office, the Sikua-led government set out to mend and strengthen relations with governments of neighboring countries and donor agencies, which had been strained under the previous administration. As part of the government's efforts to mend relations, in January 2008 Sikua visited Australia, New Zealand, and Papua New Guinea, and met with his counterparts in these countries. This was vital because Solomon Islands depended on Australia, New Zealand, and other aid donors to finance its development programs. In its 2009 national budget, for example, Solomon Islands development expenditure of S\$2.7 billion was to be funded entirely by development partners. (One Solomon Islands dollar is the equivalent of approximately US\$.14.)

At the national level, the prime minister wanted to reassure the country of his government's commitments as stated in its policy statement. Therefore he visited Malaita and the Western Provinces and met with provincial leaders. This was a move designed to familiarize himself with issues that were pertinent to those provinces and at the same time share with provincial leaders the national government's visions and development policies.

For Australia, the advent of a new Solomon Islands government provided an opportunity to mend and strengthen bilateral relations. Australia's Foreign Affairs Minister Stephen Smith made his inaugural visit to Solomon Islands to review the Regional

Assistance Mission to Solomon Islands (RAMSI) in February 2008. During the visit Smith reiterated Australia's commitment to provide "an environment of peace and stability and security to enable the Solomon Islands to get back on its feet again in terms of building itself as a nation" (Pacnews, 22 Feb 2008). Smith's February visit was complemented by the inaugural meeting of the Pacific Islands Forum Ministerial Standing Committee on RAMSI. The committee was tasked with overseeing the Australian-led assistance mission. During that meeting, the committee agreed that RAMSI would now report directly to the Solomon Islands government. This, it was envisaged, would ensure that RAMSI post-conflict reconstruction efforts were aligned with the Solomon Islands government's development plans and priorities.

Australia Prime Minister Kevin Rudd visited Solomon Islands in March 2008. The Labour Government in Australia, which came to power in 2007, had pledged to work cooperatively with its Pacific Island neighbors. Rudd reaffirmed his government's commitment, saying that relations with Pacific Island countries would be based on partnership: "I will use the visit to underscore Australia's commitment to work in partnership with our friends and neighbours in Papua New Guinea and Solomon Islands on regional challenges, including economic sustainability, effective development and climate change" (Pacnews, 3 March 2008).

Meanwhile, Taiwan was also keen to ensure that a change in government did not mean a change in Solomon Islands policy to accord diplomatic

recognition to Taiwan. Consequently, Taiwanese Vice President Annette Lu visited Honiara in January 2008. During that visit, Prime Minister Sikua told Ms Lu that Solomon Islands would continue to support Taiwan's bid for membership in the United Nations and defend its interests at the international level (Pacnews, 4 Feb 2008). In March, Dr Sikua visited Taiwan, where he met the Taiwanese president, vice president, and government ministers. In a show of goodwill, the Taiwanese government offered to finance the completion of the multimillion-dollar Stage 2 of the Solomon Islands National Parliament Building Project. Stages 2 and 3 of the building project included the construction of offices for members of Parliament as well as amenities for recreational activities, such as a gym, swimming pool, and tennis courts (Pacnews, 4 March 2008). The offer was made on the condition that Solomon Islands agreed to host the 2009 Taiwan-Pacific Allies Summit, which it agreed to do. In the meantime, Taiwan continued to provide about \$50 million annually, to fund the Rural Constituency Development Fund, as well as provide financial support for the agriculture and education sectors.

Despite its success in normalizing relations with Australia and New Zealand, the Sikua-led government was criticized for its moves to strengthen bilateral ties with Iran, a country that US President George W Bush had branded as a member of the "axis of evil." Opposition leader Manasseh Sogavare condemned the move: "I'm shocked that a government that boasts itself to believe in the principles that other members of the international

community believe in—democracy, good governance, anti-terrorism—can entertain a country that works against every principles that all right thinking governments of the world believe" (Pacnews, 29 Oct 2008). The C-NURA government defended its plan to sign a bilateral cooperation agreement with Iran. Foreign Affairs Minister William Haomae called for Iran's assistance in dam construction, training skilled personnel in oil and gas industries, and trade.

As of this writing, Solomon Islands has yet to establish diplomatic relations with Iran, although it has signed a cooperative memorandum to allowed the two countries to explore specific cooperative arrangements, including the possibility of formalizing diplomatic relations. Iran and the Solomon Islands are both members of the Group of Developing Countries at the United Nations. Hence, the cooperative memorandum was seen as within the spirit of "South-South Cooperation" (Pacnews, 31 Oct 2008). Meanwhile, Israel Ambassador Michael Ronan, during his visit in November, commented on Solomon Islands' relations with Iran, saying that his country was "not worried at all [and] that Solomon Islands is an independent country and is at liberty to choose its diplomatic friends" (Pacnews, 28 Nov 2008).

Within the Pacific Islands region, the Sikua-led government announced the establishment of the Solomon Islands High Commission Office in Fiji in August. However, by March 2009 the office was still without a high commissioner. Meanwhile, two important international organizations, the World Bank and Asian Development

Bank, opened their offices in Honiara in 2008 and expressed the desire to work closely with the Solomon Islands government.

As the government attempted to mend and strengthen its international relations, in Honiara a group of people from Malaita demanded compensation for an allegedly offensive note left near the Honiara Magistrates Court. The group threatened to start a violent demonstration if the national government did not meet their compensation demands. The government convened a series of meetings with the Malaita provincial premier, the minister for home affairs, the Lord Mayor of Honiara, and various Malaitan chiefs. The cabinet eventually paid approximately S\$42,000 to the group in January 2008 (Pacnews, 28 Jan 2008). However, many people felt that this was a political ploy orchestrated by disgruntled supporters of the former Grand Coalition for Change government to destabilize the C-NURA government. Many also felt that the compensation payment perpetuated the mentality that any group could demand and receive compensation from government without the due process of law.

There were other domestic challenges such as the rehabilitation of communities in the Western Solomons that had been affected by the tsunami of April 2007. It was revealed that a year after the tsunami many of those affected had not yet received assistance, despite millions of dollars allocated for rehabilitation. Both provincial and national authorities expressed concern about the administration of relief assistance. Gover-

nor-General Sir Nathaniel Waena, for example, said that he regretted the “serious negligence” shown by responsible authorities and relief agencies toward the tsunami victims. Many were still living in tents a year after the tsunami destroyed their homes. The leaders of the Titiana community who were among the worst hit said that the tents they were living in were intended to be used for only three months, and that after a year of exposure to the elements most of the tents were unfit for further use. In response, the prime minister announced that the governments of Australia and New Zealand would provide S\$18 million for reconstruction efforts (Pacnews, 2 April 2008).

In the meantime, the leaders of the Western and Guadalcanal provinces expressed concern about the administration of funds allocated for development more generally. The two provincial premiers jointly renewed calls for the C-NURA government to increase grants to the Western and Guadalcanal provinces in view of the fact that they host many of the development projects from which the national government generates revenue. They also called on the national government to give priority to the proposed federal constitution that would facilitate the establishment of a federal system of government. They urged that the draft federal constitution be presented to Parliament for debate in 2009 (SIBC News, 22 Dec 2008). During the first session of Parliament on April 2008, the prime minister revealed that the final draft of the federal constitution would be completed and delivered to the government in July 2009. Sikua

said that a Constitutional Congress and an Eminent Persons Advisory Council were working on finalizing the draft federal constitution. The congress consists of provincial nominees and national representatives, while the council is made up of some prominent citizens, including former governor-generals, some former politicians, and representatives from a wide cross-section of society, including women and youth.

During the second sitting of Parliament in July 2008 a motion to review the Facilitation of International Assistance Act was passed. Sikua said that the motion sought approval from Parliament to refer the International Assistance Notice to the Foreign Relations Committee for inquiry. The review looked at “the composition of the assisting countries,” “public purpose,” and the “agreement which covers the operations and activities” (NPSI 2008a). Sikua indicated that the Foreign Relations Committee would also explore ways in which RAMSI could develop programs that are aligned with Solomon Islands’ plans and aspirations.

During the July meeting of Parliament, the Opposition put forth a motion of no confidence in the prime minister. The motion was convincingly defeated by 39 votes to 8—an overwhelming show of confidence in Dr Sikua’s leadership. Opposition leader Manasseh Sogavare, in accepting the defeat of the motion, said that the Opposition was satisfied because it was able to raise issues that it wanted the government to address. Sogavare said that the motion was not an attempt to regain power; rather, it

was meant to remind government of the need to address outstanding issues facing the country (Pacnews, 12 Aug 2008).

At the final annual sitting of the Parliament in November 2008, a national budget worth approximately US\$53 million was passed (RNZI, 10 Dec 2008). This was the country’s biggest budget since independence. “The 2009 budget comprises an estimated recurrent expenditure of about one-point-six billion dollars, and a development budget of about two-point-two billion dollars. [The] Finance Minister, Mr. Rini, said the government is expected to collect more than one-point-six billion dollars in domestic revenue and additional support of more than one-point-seven billion dollars from development partners” (STO, 11 Dec 2008; for budget details, see NPSI 2008b).

There were challenges in financing the budget. Although government was expecting to fund 100 percent of its recurrent budget from domestic revenue, the forestry sector, which accounted for 66.6 percent of total export revenue in 2007, is forecasted to decline by 2010 (CBSI 2008). The Central Bank of Solomon Islands (CBSI) warned that the Solomon Islands could lose its largest export industry in forestry if the government did not take immediate actions to reduce the rate of logging, assist reforestation projects, and develop the non-logging sector to cushion the economy given the potential decline in export revenue.

Meanwhile the Gold Ridge gold mine, another major development project, was facing numerous chal-

lenges. Unresolved issues such as land acquisition, a resettlement scheme, the tailings dam, landowner demands, and political indecision led to delays in getting the mine back into production (CBSI 2008). Since 2005 the company concentrated primarily on constructing housing and security infrastructure, resolving outstanding land issues, and raising financing overseas. In February 2009, the Gold Ridge landowners expressed concern about the delay in reopening the mine and requested the developer to provide an explanation: "Australia Solomon Gold has an obligation to tell this nation why they haven't started actual mining at the gold ridge." They added, "Landowners of gold ridge want a serious and reputable investor in return for sacrificing our land for this national project amidst these trying times when the world is facing the global financial crisis" (STO, 25 Feb 2009).

While these discussions were taking place on Guadalcanal, substantial progress was made on the proposed development of Auluta Palm Oil Project on Malaita. On 27 February 2009, an agreement was signed between the commissioner of lands and Auluta Basin tribal groups, which saw the conversion of tribal land into a perpetual estate lease arrangement. Each of the two main tribes received S1\$150,000 as a token of appreciation from the government. This project, if successful, would be the first major development on Malaita.

In the services sector, the cost of telecommunication continued to rise. This was said to be one of the major disincentives to private sector expansion. A strike by workers of Our Telekom in June further affected

services and caused security concerns (Pacnews, 19 June 2008). Acting Police Commissioner Peter Marshall warned that essential communication services were affected because of the industrial dispute. He made the warning after the emergency 999 phone number and standard phone lines to some police posts stopped working (Pacnews, 26 June 2008).

Law and order improved significantly in 2008 with the presence of RAMSI. This was due in part to the recruitment of new police officers and the fact that most guns have been taken away from communities. In spite of this progress, ensuring long-term security remains a challenge as there is an evident increase in house break-ins in Honiara, in the production and sale of home-brewed alcohol (known locally as *kwaso*), in the use of drugs like marijuana, as well as in unemployment and other social problems.

The police continued to investigate allegations of abuse of public office by some political leaders. Three members of Parliament (MPs) were charged in 2008. In April, former East Honiara MP Charles Dausabea was found guilty of conversion and sentenced to eighteen months in jail. In court, Magistrate Michael Scott said he was satisfied with the crown case that Dausabea fraudulently converted S1\$40,000 of government funds, entrusted to him for the church, to his personal bank account. Dausabea appealed the magistrate's decision, but the High Court ruled against him. Dausabea subsequently lost his seat in Parliament (Pacnews, 23 April 2008). Central Guadalcanal MP Peter Shannel also lost his parliamentary seat after being sentenced to

a nine-month jail term in July 2008. The Honiara Magistrates Court found Shannel guilty of carrying a dangerous weapon in a restricted area (Pacnews, 27 Aug 2008). Similarly, the High Court found the former prime minister and member for Savo-Russels, Sir Allan Kemakeza, guilty of demanding money with menace, intimidation, and larceny. These crimes were committed during the ethnic tension when he was prime minister. Despite sentencing Sir Allan to eighteen months in jail, the court initially ordered that he serve only five months imprisonment. The court then ordered that Sir Allan serve only two months, with the remaining three months suspended. In September 2008 Sir Allan was jailed, and consequently, he lost his Savo-Russell Islands parliamentary seat (Pacnews, 3 Sept 2008).

Although RAMSI contributed substantially to improved law and order, in early October 2008 a People's Survey conducted by the Australian National University compared attitudes about RAMSI in 2008 with those in 2007. The survey showed a drop in support for RAMSI's presence in the country from 90 to 86 percent. The number of undecided people increased from 4 percent in 2007 to 6 percent in 2008. In Malaita, the support for RAMSI declined from 87 percent to 76 percent, while on Guadalcanal, the support for RAMSI decreased by 3 percent, from 97 percent in 2007 to 94 percent in 2008 (Pacnews, 17 Oct 2008). The survey was conducted in Central, Guadalcanal, Malaita, Western, and Honiara provinces. A total of 4,304 Solomon Islanders were interviewed and seventy-four focus group discussions were held.

By December, Solomon Islanders, like people elsewhere, slowed down and celebrated Christmas and New Year with their families and relatives. It was also a time when parents became anxious about their children's school fees and other back-to-school expenses for the next year. To the relief of some parents, the C-NURA government launched its fee-free education policy in January 2009. At the official launch of the fee-free education, the prime minister said that his "government has made it one of its flagship policies to provide fee-free education in the Solomon Islands [and] today marks the implementation of this historic policy initiative." He added that apart from the subsidized school fees, the government would continue to give other, additional grants in support of its fee-free basic education policy. NZAID, Taiwan, and the Solomon Islands government contributed funds to implement the basic education policy (STO, 15 Jan 2009).

In terms of livelihood, an increasing proportion of Solomon Islanders continue to experience hardships in the face of increasing inflation, weakening national currency, looming negative impacts of the global financial crisis, and the negative impacts of natural disaster for which the country is highly vulnerable. After one year in office, the C-NURA government is providing fee-free basic education, has normalized diplomatic relations, explored options for establishing political stability, strengthened accountability institutions, and signed a land-lease agreement with land-owners on Malaita, which paved the way for developing a major palm oil

industry. Whether or not the C-NURA government will remain in power until the next general elections, scheduled for April 2010, remains to be seen. But one thing is certain, Solomon Islands needs a good government, the commitment of its citizens, and the continued support of its development partners in order to achieve sustainable socioeconomic development.

ROSELYN LENGA

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