

## Article

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# At Odds Over INCO: The International Nickel Company of Canada and New Caledonian Politics in the 1960s

ROBIN S. GENDRON

## *Abstract*

*In the 1960s, the International Nickel Company of Canada (INCO) sought to preserve its dominance of the global nickel industry by securing access to New Caledonia's abundant reserves of nickel ore. In attempting to do so, however, INCO became embroiled in an acrimonious political dispute between New Caledonian autonomists, who wanted to diversify the territory's economic activities and secure greater self-government from French rule, and the government of France, which considered INCO a threat to French sovereignty over New Caledonia and France's interests in the Pacific. In obstructing INCO's ability to operate in New Caledonia throughout the 1960s, however, the French government inadvertently galvanized the territory's nationalists and increased their demands for autonomy from France.*

## *Résumé*

*Au cours des années 1960, l'International Nickel Company of Canada (INCO), cherchant à assurer sa prépondérance sur le marché mondial du nickel, a voulu obtenir l'accès aux abondantes réserves de ce minerai en Nouvelle-Calédonie. Par la même occasion, cependant, INCO s'est trouvée mêlée à un acrimonieux conflit politique entre les autonomistes néo-calédoniens intéressés à diversifier les activités économiques du territoire et à accroître l'autonomie gouvernementale, d'une part, et le gouvernement français qui voyait l'arrivée de la société comme une menace envers sa souveraineté en Nouvelle-Calédonie et les intérêts de la France dans le Pacifique, d'autre part. En s'opposant à la liberté de mouvement d'INCO en Nouvelle-Calédonie tout au long des années 1960, le gouvernement français s'est toutefois trouvé à galvaniser involontairement les nationalistes et leurs demandes d'autonomie de la France.*

AT ODDS OVER INCO: THE INTERNATIONAL NICKEL COMPANY OF  
CANADA AND NEW CALEDONIAN POLITICS IN THE 1960S

In recent years, there has been growing interest in the subject of Canada's reaction to the decolonization of European empires in the decades after the Second World War. Recent scholarship has explored the Canadian response to the decolonization of Indonesia in the late 1940s, Canadian policy towards the aftermath of decolonization in the Belgian Congo in the early 1960s, Canadian policy towards the changing Commonwealth of the 1940s and 1950s, and the way attitudes towards imperialism were changing in post-war Canada.<sup>1</sup> This is a welcome development and the new literature provides valuable insight into how Canada and Canadians responded to some of the most significant international developments of the last half of the twentieth century. And yet, despite their value, these new studies also reveal that no matter what effects decolonization had on Canada and Canadians, neither the Canadian government nor individual Canadians had much of a direct role in the processes that brought an end to European colonial empires in Africa, Asia, and elsewhere.<sup>2</sup> For the most part, Canada was a peripheral player in events that unfolded in the colonial territories, the old metropolitan centres, the new imperial capitals in Washington and Moscow, and the United Nations and other international organizations.

In at least one instance, however, a Canadian institution occupied a principal place in discussions surrounding the dependent status of the French-ruled territory of New Caledonia that unfolded in the 1960s. In the process, it played a key role in an increasingly acrimonious political conflict between the territory's nascent nationalist movement on the one hand and the French government and its partisans on the other. The institution in question was the International Nickel Company of Canada Ltd. (INCO), the nickel mining conglomerate that sought to preserve its dominant position in the global nickel industry in the 1960s by gaining access to New Caledonia's abundant reserves of nickel.<sup>3</sup> Many individuals and groups in New Caledonia welcomed the com-

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1 Kevin Spooner, *Canada, the Congo Crisis, and UN Peacekeeping, 1960–1964* (Vancouver: University of British Columbia Press, 2009); David Webster, *Fire and the Full Moon: Canada and Indonesia in a Decolonizing World* (Vancouver: University of British Columbia Press, 2009); Robert Teigrob, "'Which Kind of Imperialism?' Early Cold War Decolonization and Canada-US Relations," *Canadian Review of American Studies* 37, no. 3 (2007): 403-430; Hector Mackenzie, "An Old Dominion and the New Commonwealth: Canadian Policy on the Question of India's Membership, 1947–49," *Journal of Imperial and Commonwealth History* 27, no. 3 (1999): 82-112.

2 This observation was repeated by David Webster during his paper "'The Peace of Compton': the Canadian Model for Decolonization and Development," presented at the conference of the Canadian Historical Association at Carleton University on 25 May 2009.

3 Unfortunately, there has not been much scholarship on the overseas operations or interests of Canadian companies, mining or otherwise. Until fairly recently, Canadian scholars were less interested in these foreign operations than they were in the effects on Canada of investments by foreign, mostly American companies. See Kari Levitt, *Silent Surrender: The Multinational Corporation in Canada*, 2nd ed. (Toronto: Macmillan of Canada, 1970; reprint, Montreal & Kingston: McGill-Queen's University Press, 2003) and R.T. Naylor, *The History of Canadian*

pany's interest in investing there as a way to increase the territory's economic diversification, though the French government considered the company an insidious threat to French national interests because of its size and its overall importance in the nickel industry. In restricting INCO's access to New Caledonian nickel over the course of the 1960s, however, the French government galvanized the territory's nationalists and their demands for greater autonomy from France.

New Caledonia is an archipelago east of Australia and north of New Zealand in the Pacific Ocean. France claimed it as a colony in 1853 and it remains to this day a French overseas territory.<sup>4</sup> It is also one of the world's richest sources of nickel, containing an estimated 25 percent of the global reserves of this mineral. Commercial nickel mining and exploitation in New Caledonia began in the late nineteenth century and has brought considerable fortune to the territory, providing its inhabitants with one of the highest standards of living in the Pacific region. Yet the nickel industry has also been a source of significant resentment, mostly due to the fact that this industry dominated all economic activity in New Caledonia throughout the twentieth century, stifling economic diversification and rendering the territory vulnerable to the vagaries of the global nickel industry and economically dependent on France.<sup>5</sup> In that many of the territory's residents felt that the French state and French corporations subordinated New Caledonia's interests to their own, shaping the territory's economic development primarily for their own benefit, the nickel industry has also been the cause of considerable tension within New Caledonia between advocates of greater local autonomy and the centralizing impulses of the French state and its supporters in the archipelago.

Despite its location in the Southwest Pacific, New Caledonia and its inhabitants were not isolated from the type of nationalist upheaval that affected the

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*Business, 1867–1914*, 2nd ed. (Toronto: J. Lorimer, 1975; reprint, Montreal & Kingston: McGill-Queen's University Press, 2006). There have been several good studies of Canadian business interests outside of Canada, including Christopher Armstrong and H.V. Nelles, *Southern Exposure: Canadian Promoters in Latin America and the Caribbean, 1896–1930* (Toronto: University of Toronto Press, 1988) or Duncan McDowall, *The Light: Brazilian Traction, Light, and Power Company Limited, 1899–1945* (Toronto: University of Toronto Press, 1988).

- 4 How much longer it continues to be so is yet uncertain. The eruption of nationalist violence in New Caledonia in the early 1980s eventually induced the French government to grant the territory significant autonomy through the Matignon Accord in 1988. A decade later, the Nouméa Accord of 1998 mandated the holding of a referendum on New Caledonia's independence from France sometime between 2014 and 2019. See Robert Aldrich and John Connell, *The Last Colonies* (Cambridge: Cambridge University Press, 1998), 131–7, and David Chappell, "The Nouméa Accord: Decolonization Without Independence in New Caledonia," *Pacific Affairs* 72, no. 3 (Fall 1999): 373–91..
- 5 For a brief discussion of the place of the nickel industry in New Caledonia's development, see Philippe Marchat, "La Nouvelle-Calédonie et le Nickel," *Revue Militaire Générale [France]* no. 5 (1970): 672–86.

AT ODDS OVER INCO: THE INTERNATIONAL NICKEL COMPANY OF  
CANADA AND NEW CALEDONIAN POLITICS IN THE 1960S

French empire after 1945, leading to the independence of most of the French colonies and dependent territories in Indochina and Africa by the early 1960s. Nor were they immune to the rise in nationalist sentiment taking place throughout the world's dependent territories — what Jean Le Borgne called the ‘Spirit of Bandung’ for the anti-imperialist conference of newly independent and developing countries that took place in Indonesia in 1955.<sup>6</sup> Emerging out of the territory's indigenous Melanesian Kanak population in the late 1940s, New Caledonia's nationalist movement coalesced around the Union Calédonienne (UC), a political party founded in 1953 by Maurice Lenormand, a native Frenchman married to the granddaughter of a Kanak chief. With support from various ethnic groups — its motto was “two colors, one people” — the UC was not, strictly speaking, a nationalist party; many of its leaders, in fact, were drawn from the territory's European population. Yet the party, and Lenormand himself, was committed to improving the lot of New Caledonia's politically and economically disadvantaged indigenous peoples and believed the key to doing so was to secure greater local control over New Caledonia's economic and social development from Paris.<sup>7</sup> In essence, the UC sought the development of a Caledonian personality within France with greater local autonomy from direct French rule.

Like other French colonies and dependent territories, New Caledonia had been subject to the various reforms to the structure and administration of the French Empire during the Fourth Republic. In 1946, the empire was transformed into the federated French Union and the colonies into the DOMTOM, Overseas Departments and Territories, whose new representative bodies exercised some autonomy over local economic and social affairs. Then in 1956, the French government passed a *loi-cadre* that devolved even further responsibility for local economic and social policy to the territorial assemblies and local authorities throughout the former French Empire. Together, these and the other reforms from 1946 to 1956 were intended to contain and even co-opt rising nationalist sentiment, first in Indochina and then in French Africa by liberalizing French rule and making it more responsive to and inclusive of local interests in the colonies and territories.<sup>8</sup>

In New Caledonia, these reforms resulted in a gradually expanded franchise, a single electoral college that did not favour the territory's European voters;

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6 Jean Le Borgne, *Nouvelle-Calédonie 1945–1968: La confiance trahie* (Paris: L'Harmattan, 2005), 69.

7 The indigenous peoples of New Caledonia did not acquire French citizenship until 1946 at which time only 1,000 Kanak tribal leaders, ex-servicemen, pastors, and other notables had the right to vote. Full suffrage for Kanaks was only gained in fits and starts between 1945 and 1957. Le Borgne, 18–19.

8 For example, see Raymond F. Betts, *France and Decolonization, 1900–1960* (New York: St. Martin's Press, 1991), 122–3.

greater powers for the elected territorial assembly, including the right after 1957 to elect the members of the *Conseil de gouvernement* — the executive branch of the territorial government; and greater local control of the territory's economic affairs, including its all-important mining industry.<sup>9</sup> This process of reform and decentralization was not always easy or uncontested in the 1940s and 1950s, yet it sufficed to convince Maurice Lenormand and others that the aspirations of New Caledonia and its peoples could be fulfilled within a French context. For this reason, Lenormand and the Union Calédonienne continued to profess their loyalty to France throughout this period.<sup>10</sup> They sought autonomy rather than independence from France and they expected to achieve self-government through a process of evolution under the overarching umbrella of French sovereignty.

Despite Lenormand's professions of loyalty to France, his goal did not appear benign or limited to everyone in New Caledonia or France. With French rule having ended or in the process of ending on almost all fronts in Asia and Africa by the late 1950s and early 1960s, the French government and especially its High Commissioner in Nouméa, the territorial capital, harboured doubts that Lenormand, Roch Pidjot, and their supporters would or could be satisfied with autonomy. Many of the European inhabitants of New Caledonia were even more concerned. For them, the emergence of an indigenous autonomist movement in New Caledonia raised the spectre of Algeria and the bloody war against French rule waged by Algerian nationalists from 1954 to 1962, at the end of which nearly one million European settlers, the *pieds noirs*, fled the newly independent country.<sup>11</sup> Conservative elements among the European community in New Caledonia remained convinced that, whatever he said about loyalty to France, Lenormand and his followers intended to use autonomy as a stepping

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9 See Robert Aldrich and John Connell, *France's Overseas Frontier: départements et territoires d'outre-mer* (Cambridge: Cambridge University Press, 1992), 65–9; Robert Aldrich, *France and the South Pacific Since 1940* (Honolulu: University of Hawaii Press, 1993), 33–75.

10 Le Borgne, 64–5 and Stephen Henningham, *France and the South Pacific: A Contemporary History* (Honolulu: University of Hawaii Press, 1992), 55.

11 Algeria was an important symbol for both the European inhabitants of New Caledonia and French officials in Nouméa and Paris. In analyzing the political positions of Édouard Pentecost, one of the leading figures in the European community in the territory, a French official stated that it was impossible to understand Pentecost without acknowledging that his attachment to New Caledonia rivalled *pieds noirs'* attachment to Algeria, with the same passion and life and death commitment. See Archives nationales de France — Centre des archives contemporaines (hereafter CAC), Ministère d'état responsable des Départements d'outre-mer et territoires d'outre-mer (hereafter DOMTOM), Versement (hereafter Vers) 19840122, Article (hereafter Art) 2, Dossier 3, A. Lafond, *Note au sujet du rapport sur "les positions de M. Edouard Pentecost,"* 28 November 1966. Algeria became an even more potent symbol for what could happen to New Caledonia with the arrival of some 2,000 *pieds noirs* in the territory after 1962.

stone towards full independence.<sup>12</sup> Led by individuals like Henri Lafleur, New Caledonia's representative in the French Senate from 1946 to 1955, these elements feared the loss of the territory's ties to France and opposed concessions to its autonomists, especially after the UC won the territorial elections and dominated the governing Council in 1957.

With the new reforms in place after the passage of the *loi-cadre* in 1956, the UC governed the territory from 1957 to 1963. Maurice Lenormand himself served as Vice-President of the Council from 1957 to 1959 and two other members of his party, Michel Kauma (1959–1962) and Roch Pidjot (1962–1963), succeeded him in this position. Conservatives and conservative parties in New Caledonia, however, remained hostile to this government. On 18 June 1958, they rallied in Nouméa to protest what they considered the dictatorial nature of the Union Calédonienne government and demanded Lenormand's resignation.<sup>13</sup> To restore calm in New Caledonia, the new French government of Charles de Gaulle, whose return to power in May 1958 had helped inspire the protests in Nouméa, dissolved the Territorial Assembly and called for new elections, also won by the Union Calédonienne with 18 of 30 seats in the Assembly and 59 percent of the popular vote. Temporarily thwarted by this new election result, the Union Calédonienne's opponents nonetheless looked for ways to contain the growth and political expression of New Caledonia's autonomist movement. In this, they were joined by the de Gaulle government in Paris, which grew increasingly uncomfortable with the movement's perceived direction and in 1958 appointed Laurent Péchoux as High Commissioner, in large part because he had had experience suppressing colonial nationalism in French West Africa.<sup>14</sup> Péchoux promptly deprived the Vice-President of the Governing Council, Maurice Lenormand, of his power over the local civil service, the police and the radio station. Later that year, Péchoux also forced Lenormand to give up his Vice-Presidency of the Council in order to remain as New Caledonia's elected Deputy to the National Assembly in Paris.

By 1963, the French government had determined on an even more abrupt shift in course for New Caledonia. Arguing that the reforms instituted as a result of the *loi-cadre* had really been intended for French Africa and were not needed in New Caledonia, the French government passed a new statute through the

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12 Henningham, *France and the South Pacific*, 56.

13 The protests initially focused on complaints that the Union Calédonienne had not allowed the minority parties in the Territorial Assembly enough representation on the Assembly's committees, among other issues. According to Stephen Henningham, however, the real impulse behind the demonstrations lay in conservative fears that Lenormand and his colleagues were moving the territory towards independence, as well as unease with the newfound political power exercised by the Melanesian community. *Ibid.*, 57–9.

14 David Chappell, "The Black and the Red: Radicalising Anti-Colonialism in 1970s New Caledonia," *The Journal of Pacific Studies* 27, no. 1 (2004): 53.

National Assembly in Paris in December 1963 that dramatically altered the political landscape in Nouméa. Despite the vivid protests of the Union Calédonienne and some other constituents in the Territorial Assembly, the Jacquinot law eliminated the ministerial positions and portfolios established after 1957, reduced the Conseil de gouvernement to a consultative body providing advice to the High Commissioner, and transferred political authority to Paris, including direct responsibility for the new municipal governments established by the law. At a stroke, many of the reforms of the 1950s were undone and France resumed its direct control of New Caledonian affairs. Adding to the outrage of the territory's autonomists, Maurice Lenormand was convicted of failing to stop a 1962 bombing that took place at the offices of *L'Avenir Calédonien*, a newspaper affiliated with the Union Calédonienne, and in 1964 was suspended from his elected office and deprived of his civil rights for five years, thus effectively removing him from New Caledonia's political life for the rest of the 1960s.<sup>15</sup> Thus, by the early 1960s, New Caledonia's autonomists saw their political gains being reversed and their leaders under attack by the French government and its partisans in the territory, all in the name of preserving the ties between France and New Caledonia that they had never, in fact, renounced. The events of the early 1960s did not end the problem, however; the conflict between the centralizing tendencies of the French government and the desire for self-government of a large portion of the New Caledonian population remained the main dynamic of New Caledonian politics for the next decades.

It was into this tense political maelstrom that INCO stepped in the late 1950s and early 1960s. After its incorporation in 1902 and especially following the merger between the International Nickel Company and the British company Mond in 1929, INCO became the world's dominant nickel company, producing approximately 85 percent of the world's supply of the metal outside of the Soviet Union and the People's Republic of Mongolia. The company owed this dominance, which allowed it to set the world price for nickel, to its nickel mines in the Sudbury basin in Ontario, the single largest and richest source of nickel in the world, though it also had mines at Thompson, Manitoba. By the 1960s, however, the tide in the global nickel industry was beginning to turn against INCO. It maintained its dominance throughout this decade, but increased competition

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15 The details of this episode are still unclear. It seems that two Union Calédonienne organizers planted the bomb either in an attempt to garner sympathy for the party on the eve of territorial elections or because they had been duped by Lenormand's political opponents. In any event, Lenormand had met with the two individuals the evening before the bombing and it was claimed that Lenormand had instigated the whole affair. The bombers later recanted, denying that Lenormand had any knowledge of what they were going to do. Jean Le Borgne provides extensive discussion of the details surrounding the passage of the Jacquinot Law and the proceedings against Maurice Lenormand in chapters 7 and 8 of his book. See Le Borgne, 371–474.



AT ODDS OVER INCO: THE INTERNATIONAL NICKEL COMPANY OF  
CANADA AND NEW CALEDONIAN POLITICS IN THE 1960S

from companies such as Falconbridge Ltd., the Sherritt-Gordon Company of Canada, and the Hanna Mining Co. was beginning to erode INCO's share of the nickel market just as rising costs and declining productivity at its Canadian mines began to erode its long-term profitability.<sup>16</sup> In addition, the most significant discoveries of new reserves of nickel took place in lower-cost countries in the developing world. Over the long term, therefore, INCO's executives concluded that for the company to maintain its dominant position in the nickel industry it needed to expand beyond its Canadian mines.<sup>17</sup> During the 1960s, the company pursued projects in Guatemala, Indonesia, and elsewhere, but its principal goal was to gain access to New Caledonia and its vast nickel reserves.

The company had initially turned its attention to New Caledonia in the late 1950s. In December 1958, a group of four INCO representatives, including the company's representative in France, an executive from its Canadian operations, and two geologists, spent ten days in New Caledonia touring mining sites and installations and speaking with industry representatives and the territorial authorities. Their purpose was primarily exploratory and at the end of their visit, Laurent Péchoux could not say if anything concrete would result from this first contact. The company's representatives were informed, however, that companies seeking to invest in French overseas territories had to meet nationality requirements, as stipulated by a decree issued by the French government in January 1958.<sup>18</sup> Sufficiently impressed by New Caledonia's potential and undeterred by the nationality requirement, which could be met through a joint venture with a French company, INCO began to pursue ways to invest in the territory in earnest. The simplest way, it determined, was to establish a project with the company that already controlled most of New Caledonia's nickel production, Société Le Nickel.

Incorporated in 1880 and controlled by the Rothschilds from the late nineteenth century, Société Le Nickel (SLN) dominated New Caledonia's nickel industry the way that INCO dominated the global industry. In the early 1950s, SLN produced 70–80 percent of New Caledonia's nickel, with the rest accounted for by a number of smaller producers, the *petits mineurs*. Its share of

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16 The growing competition INCO faced from other companies was due in large part to policies pursued by the American government which, in the late 1940s, decided to establish a strategic nickel reserve and began stockpiling the metal. At the same time, the American government decided to encourage the diversification of suppliers of nickel and began subsidizing new and established nickel producers. Falconbridge, for example, received a contract from the government for 100 million pounds of nickel at a premium of 40 cents/pound over the market price, a direct subsidy to the company of \$40 million. Jamie Swift, *The Big Nickel: Inco At Home and Abroad* (Kitchener, Ont.: Between the Lines, 1977), 30.

17 J.H. Bradbury, "International Movements and Crises in Resource Oriented Companies: The Case of Inco in the Nickel Sector," *Economic Geography* 61, no. 2 (April 1985): 131.

18 CAC, DOMTOM, Vers 19940169, Art 83, Dossier 1, Letter, Laurent Péchoux to the Bureau des Finances privers, Ministère de la France d'outre-mer, 7 January 1959.

production had fallen to 50–60 percent in the late 1950s, but the company remained the most important part of New Caledonia's most important industry.<sup>19</sup> It owned the biggest and richest part of the territory's mining concessions; its exports of nickel generated the vast majority of New Caledonia's export and tax revenues; it had a monopoly on supplying France with nickel; and its influence permeated all aspects of New Caledonia's economic and political affairs. Société Le Nickel did have a problem, though; its competitiveness was declining. For a variety of cyclical and structural reasons, including the lower nickel content of New Caledonia's laterite ores, as well as SLN's reliance on outdated technologies and equipment, by the late 1950s the company's production costs exceeded the market price INCO set for nickel.<sup>20</sup> As a result, concerns began to emerge both in Paris and in Nouméa about SLN's ongoing capacity to meet France's need for nickel and to contribute to New Caledonia's economic development. Under the circumstances, a joint venture between INCO and SLN to develop a new nickel project in New Caledonia seemed an ideal solution for all concerned: INCO would gain access to abundant new nickel reserves; SLN would benefit from INCO's extensive capital resources, technological advances, and global marketing network; the French government and France's nickel consumers would be assured of new supplies of a vital strategic metal; and New Caledonia would acquire a new investor capable of contributing greatly to the territory's economic development.

Negotiations between INCO and SLN regarding a joint nickel project in New Caledonia began in the summer of 1959. That September, INCO submitted a detailed proposal for a new nickel processing facility in New Caledonia capable of producing, at first, 12,000 tons of high-grade nickel annually. The facility would cost \$40 million to build, would use INCO refining processes, and would be managed by INCO personnel. French partners, including SLN and the *petits mineurs* would provide the refinery with the necessary ore and would own one-third of the shares of the new company, to be based in France.<sup>21</sup> Not surprisingly, SLN rejected this proposal. In particular, SLN's president observed that the ore needed by the proposed refinery would be supplied by diverting it from SLN's existing operations, in essence forcing SLN to abandon some of its valuable mining concessions to the new company. The end result would not be a joint venture between INCO and SLN at all but the replacement of SLN by a new company controlled by

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19 CAC, Ministère de l'Industrie (hereafter Industrie), Vers 19771394, Art 33, Dossier 3, Pierre Legoux, *Première note d'orientation sur un Plan de Développement minier du Territoire de la Nouvelle Calédonie*, 13 April 1964.

20 Le Borgne, 47–8.

21 CAC, Industrie, Vers 19771394, Art 37, Dossier 1, Roy Gordon, *Memorandum Concerning Supplies of Nickel to France and a Major Project for the Further Development of New Caledonian Nickel Resources*, 4 September 1959.

AT ODDS OVER INCO: THE INTERNATIONAL NICKEL COMPANY OF  
CANADA AND NEW CALEDONIAN POLITICS IN THE 1960S

Canadian interests.<sup>22</sup> The two companies continued to discuss a possible partnership in the months and years that followed, yet they never reached a mutually satisfactory agreement. Their negotiations always foundered on the same points, with INCO insisting on maintaining overall control of the venture and SLN extremely reluctant to cede its virtual monopoly on the production of nickel in New Caledonia to any other company, let alone its biggest competitor.

By the time attempts to forge a partnership between INCO and SLN in New Caledonia were finally abandoned for good in 1962, the prospects for INCO's entry into the territory's nickel industry had worsened considerably. In the late 1950s, it had been Société Le Nickel that had placed the main obstacles in the way of reaching a deal with INCO. The French government and the major French nickel consumers, in contrast, were much more enthusiastic about the prospect of a joint venture between the two nickel companies. Indeed, one of SLN's first objections to the September 1959 proposal for an INCO-led nickel project in New Caledonia was that it had been designed to appeal more to the French government than to SLN itself.<sup>23</sup> In subsequent years, the French government's interest in seeing INCO penetrate New Caledonia's nickel industry waned considerably due in large measure to the territory's enhanced strategic importance to France after Algeria secured its independence from French rule in 1962. The desire to forestall a similar development in New Caledonia had already moved the French government to reassert its authority in New Caledonia, culminating in the Jacquinet Law of 1963. In addition, France now needed a new location for its nuclear testing program since it no longer had access to its former test site in Algeria's Sahara Desert.<sup>24</sup> Having decided to initiate nuclear testing in French Polynesia in the early to mid-1960s, the French government considered it essential to reinforce France's presence throughout the Pacific. Under the circumstances, the government became increasingly convinced that allowing INCO to operate in New Caledonia no longer served French national interests.

In 1959, the French government had no problem when Édouard Pentecost entered into an agreement with INCO whereby the Canadian company agreed to explore for nickel in the Pentecost Group's mining concessions in New Caledonia and acquired options over some of these same concessions. This agreement had been duly approved by both the Minister in charge of the Overseas Departments and Territories and the Minister of Industry in Paris.

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22 CAC, Industrie, Vers 19771394, Art 37, Dossier 1, R.M., *Observations sur le memorandum de l'International Nickel Company concernant la fourniture de nickel à la France et un nouveau développement des ressources en nickel de la Nouvelle Calédonie*, 29 September 1959.

23 Ibid.

24 John Connell, *New Caledonia or Kanaky? The Political History of a French Colony* (Canberra: National Centre for Development Studies, Australian National University, 1987), 253.

Four years later, a similar deal between INCO and another of the territory's *petits mineurs* struck the French government and its officials as much less welcome. In September 1963, INCO agreed to do some preliminary prospecting on concessions owned by the New Caledonian companies SOCALMINES and Calédomines — both of them controlled by Maurice Lenormand — in exchange for options on the concessions.<sup>25</sup> Alarmed, French officials in Nouméa and Paris began to discuss ways to prevent INCO from establishing itself in New Caledonia, an eventuality that Marc Biros, the High Commissioner, called “undesirable.”<sup>26</sup> In this, Biros simply reflected the opinion of the French government in Paris. During his trip to New Caledonia in 1966, President Charles de Gaulle assured New Caledonians that while the strongest possible advantage needed to be drawn from the territory's rich natural resources, the development of those resources had to take into account the “national interest.”<sup>27</sup> By this, de Gaulle meant that, above all other considerations, the French government would only permit economic investments in New Caledonia that reinforced, or at least preserved, French influence in the territory. It was this consideration that shaped the French government's response to INCO's interest in investing in New Caledonia during almost the whole of the 1960s.

After 1959, the French government came to the conclusion that allowing INCO to operate in New Caledonia would ultimately weaken the ties that bound the territory to France. This conclusion drew on at least three interrelated concerns: that access to New Caledonia's nickel reserves would reinforce INCO's dominance of the global nickel industry at the expense of French interests; that INCO represented the vanguard of American political and economic imperialism in New Caledonia and French Polynesia more broadly; and that

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25 CAC, DOMTOM, Vers 19840122, Art 7, Dossier 1, *Convention entre Maurice Lenormand et Ralph Parker*, 6 September 1963.

26 The High Commissioner in Nouméa, for example, wanted the Foreign Exchange Office to watch, and eventually block, the personal and business bank accounts established in New Caledonia by Paddy Laine, INCO's representative in the territory in 1963, in case the company used them to funnel large sums of money into the territory. Officials in Paris, however, concluded that, given the limited activities INCO entered into as a result of the agreements with Pentecost, SOCALMINE, and Calédomines, the French government already had adequate administrative and legislative safeguards to minimize INCO's presence in New Caledonia. See CAC, DOMTOM, Vers 19840122, Art 7, Dossier 1, Letter, Haute Commissaire, Nouméa (hereafter HAUSSAIRE) to Ministre d'État chargé des Départements et Territoires d'outre-mer (hereafter MEDETOM), 11 October 1963; and . CAC, DOMTOM, Vers 19840122, Art 7, Dossier 1, Note, *Mesures qui pourraient être prises en vue d'empêcher éventuellement l'INCO de prendre pied en Nouvelle-Calédonie*, undated.

27 As quoted in CAC, Industrie, Vers 19771394, Art 36, Dossier 7, *Avis présenté au nom de la Commission de la production et des échanges sur le projet de loi de finances pour 1967 — IV Territoires d'outre-mer par M. Renouard, Annexe au procès-verbal de la séance de 4 octobre 1966, Assemblée Nationale*.

AT ODDS OVER INCO: THE INTERNATIONAL NICKEL COMPANY OF  
CANADA AND NEW CALEDONIAN POLITICS IN THE 1960S

INCO's establishment in New Caledonia would accelerate demands for its autonomy or even its independence from France. To someone like Jacques Foccart, Charles de Gaulle's foreign policy advisor and the second most powerful individual in the French government, the threat that INCO posed to France and French interests was clear. On the economic plane, he argued, the ability to exploit New Caledonia's nickel reserves would bolster INCO's quasi-monopoly in the nickel industry, strengthening the hand of a company that already controlled 85 percent of the market. Not only would this undermine even further the French stake in a vital industry, but with a base in New Caledonia, Foccart also worried that INCO would also begin to undermine and even absorb, piece by piece, the Société Le Nickel, thereby removing an important implement of national industrial development from French control.<sup>28</sup> For Foccart and for many others within the French government, the danger inherent in reinforcing INCO's monopolistic control of the nickel industry outweighed by far any benefits that the company might offer New Caledonia and its economic development.<sup>29</sup>

Equally, the French government was concerned that with INCO, France would be welcoming an American Trojan Horse into New Caledonia. This was a sensitive subject for the French; it raised bitter memories of New Caledonia's status as an important American base and staging point in the Pacific during the Second World War and of the serious American challenge to French control of the territory at the end of the war.<sup>30</sup> Though France had successfully retained New Caledonia after the war, French concerns about American intentions in the Pacific had not faded. De Gaulle himself was notoriously suspicious of the extent, and expansiveness, of American political, economic, and cultural influences in the world against which he felt France had to struggle continuously.<sup>31</sup> From this perspective, INCO represented the introduction into New Caledonia of American

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28 Jacques Foccart, *Tous Les Soirs Avec De Gaulle: Journal De L'Elysée — I 1965–1967*, ed. Philippe Gaillard (Paris: Librairie Arthème Fayard/Jeune Afrique, 1997), 656–7.

29 Ironically, SLN itself repeatedly made this same argument in the face of demands from within New Caledonia for an end to its monopoly of the territory's nickel industry. How could it have a monopoly, the company wondered, when it itself was subject to the constraints of the global monopoly enjoyed by INCO, a monopoly that would only be reinforced by allowing the Canadian company to operate in New Caledonia? See CAC, Industrie, Vers 19771394, Art 33, Dossier 3, Jean Guillard, Société Le Nickel, *Remarques sur le memorandum approuvé par l'Assemblée Territoriale de Nouvelle Calédonie le 7 juillet 1966 et concernant le développement de l'industrie du nickel et les projets d'implantation de nouvelles usines de traitement par des firmes franco-étrangères*, 26 July 1966.

30 For a full description of this challenge, including President Franklin Roosevelt's proposal to transform French territories in the Pacific, including New Caledonia, into United Nations trusteeships, see Kim Munholland, *Rock of Contention: Free French and Americans at War in New Caledonia, 1940–1945* (New York: Berghahn Books, 2005), 165–97.

31 For a good, though somewhat dated account of this struggle, see John Newhouse, *De Gaulle and the Anglo-Saxons* (London: André Deutsch, 1970).

interests, political and cultural, as well as economic.<sup>32</sup> The French worried that if the company were allowed to operate in New Caledonia, the government would be saddled with a foreign company under American influence, one whose size and importance would make it very difficult to control.<sup>33</sup> The government felt that the resulting encroachment of American interests in New Caledonia could only be detrimental to France and French interests in the Pacific.<sup>34</sup>

The fact that autonomist elements in New Caledonia enthusiastically pressed for INCO's installation in the territory exasperated the French government's concerns about the danger that the company posed to its interests. Before he left New Caledonia in early 1965, High Commissioner Marc Biros sent a lengthy note to Paris summarizing his assessment of the political situation in the territory. In it, he observed that individuals like Maurice Lenormand were actively working to facilitate INCO's establishment, a dynamic which, coupled with Union Calédonienne criticism of Société Le Nickel, he took as evidence that many of the leading political figures in New Caledonia were incapable of recognizing and pursuing the territory's general interests.<sup>35</sup> They were even prepared to circumvent the French government by pursuing their own deals with INCO, perhaps as a way to ease incrementally the company's welcome in New Caledonia. It was, after all, Maurice Lenormand who owned or controlled both SOCALMINES and Calédomines and who signed the agreements in September 1963 allowing INCO to prospect their concessions.<sup>36</sup> This

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32 It is instructive that, while most French observers understood that INCO was a Canadian company, headquartered in Toronto, many of them often referred to it as a Canadian-American company or, indeed, simply as an American company. For example, see Borgne, 526. In any event, many French officials, including most notably de Gaulle, believed that Canada was so firmly ensconced within the American orbit that it would have made little difference whether they thought INCO was a Canadian or an American company.

33 Foccart, 353.

34 French concerns about INCO's intentions in New Caledonia at times reached the conspiratorial. After visiting the territory in 1965, one French official reported learning that, as if by chance, the American army had established a cartographic service in New Caledonia during the Second World War. As if by chance, he continued, this service had been placed under the command of a general named Dunbar. As if by chance, Dunbar just happened to be an engineer employed by INCO before the war and, as if by chance, he had married a local woman and, as if by chance, was now living in retirement in Nouméa. The official left the significance of these coincidences unstated, though he did note that, at the time, INCO did not have an official representative in New Caledonia. Unfortunately, the author of this report has not been identified. CAC, Industrie, Vers 19771394, Art 33, Dossier 4, *Notes sur quelques conversations en Nouvelle Calédonie du 10 au 17 novembre 1965*.

35 CAC, DOMTOM, Vers 19840122, Art 2, Dossier 5, Note, Marc Biros to MEDETOM, 22 December 1964.

36 See note 25. This agreement not only raised concerns for the French administration, it also opened Lenormand to strident criticism, especially in the National Assembly in Paris where he was accused of having sold his mining interests "... pour un pont d'or aux Américains." As quoted in Le Borgne, 397.

AT ODDS OVER INCO: THE INTERNATIONAL NICKEL COMPANY OF  
CANADA AND NEW CALEDONIAN POLITICS IN THE 1960S

perceived conjunction of interests between INCO and New Caledonia's autonomists worried the French, who saw in it the possibility that INCO's installation in New Caledonia would increase local pressure for autonomy from France.<sup>37</sup> Since the UC and other autonomist parties controlled the Territorial Assembly in this period, it also helps explain the urgency with which the French government enacted the Jacquinot Law in December 1963, which limited the power of the elected Assembly and vested executive authority directly in the hands of the High Commissioner.

For the French government in the early to mid-1960s, French political, economic, and strategic interests necessitated keeping INCO out of New Caledonia. The alternative risked jeopardizing France's ability to control the evolution of the territory and, potentially, even French sovereignty over it. Instead, the French government preferred to maintain Société Le Nickel's virtual monopoly over the development of New Caledonian nickel since it was reliably French and, because of its intimate connections with the centres of power in Paris, could be expected to promote French interests in the archipelago. Consequently, the French government gave its support to ambitious plans by SLN in the early and mid-1960s to expand and upgrade its facilities and operations, to make them more efficient and cost-effective and thus viable over the long term. In this way, the territory's economic interests would be advanced while safeguarding it from unwelcome foreign interference. These plans, however, did not accord with the aspirations of many of the inhabitants of New Caledonia for whom SLN represented the source of the territory's problems rather than the solution to them.

Unfortunately for the French government, hostility towards SLN was felt widely and deeply throughout New Caledonian society, across the political spectrum and beyond the ranks of the territory's autonomists alone. The source of this hostility lay in the widespread belief that the company dominated and exploited New Caledonia's rich natural resources for its own advantage and returned insufficient economic and other benefits to the people of New Caledonia. Moreover, the very dependence of the territory on SLN, that "soulless monopoly," and its influence in Nouméa and Paris, which enabled it to maintain that state of dependence, antagonized people even further.<sup>38</sup> Part of the problem for many New Caledonians, in fact, was that too many French officials like High Commissioner Jean Risterrucci had, in the words of Édouard Pentecost, sold themselves to SLN, at least figuratively, thus impeding New Caledonia's economic development. Insufficiently capitalized, technologically

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37 In a conversation with Charles de Gaulle in June 1967, Jacques Foccart expressed his belief that if allowed to operate in New Caledonia, INCO would inevitably exert pressure on the political evolution of the territory. Foccart, 657.

38 Connell, *New Caledonia or Kanaky?*, 124, 130–1 .

out of date, with a high-cost product and limited access to important foreign markets like the United States, SLN was, again according to Pentecost, incapable of providing New Caledonia with the economic progress and development that it needed.<sup>39</sup> Instead, New Caledonia needed completely new investment in its all-important nickel industry; despite what the French government wanted, more and more New Caledonians were convinced that Société Le Nickel's monopoly had to be broken.

At the same time, it was not enough just to break SLN's monopoly. New Caledonia also needed the right company to develop its nickel industry, one with the size, the capital resources, the technology, market access, and other characteristics to maximize the benefits the territory received from the exploitation of its natural resources. For this, no other company could match what INCO had to offer. In short, though the French administration in both Paris and Nouméa had determined by 1963 that INCO had to be kept out of New Caledonia, opinion in the territory itself was equally determined that only INCO could effectively break SLN's monopoly and maximize the potential of New Caledonia's nickel reserves. When objections were raised about the "national interest" or the unwelcome political effects that INCO might have on the territory, people like Pentecost rejected them out of hand. The people of New Caledonia, he reasoned, were too solidly attached to France to allow INCO to undermine that attachment.<sup>40</sup> Nonetheless, the government remained convinced that INCO posed too great a threat to French interests to allow it to operate in New Caledonia, setting the stage for a long, drawn-out test of wills.

In the mid-1960s, the French government pinned its hopes on Société Le Nickel's ability to modernize and expand its operations, but political leaders in New Caledonia refused to cooperate. By 1964, the company had developed a plan to increase its productive capacity by 25,000 to 50,000 tons of nickel a year, but to make the increase more cost-effective, the company approached the Territorial Assembly for tax concessions, including a reduction to the duty applied on exports of nickel. Unexpectedly, the assembly refused the concessions, a decision that High Commissioner Biros' characterized as irresponsible.<sup>41</sup> In any event, this refusal created something of a stalemate in New Caledonia. It denied SLN the financial flexibility it needed to pursue its modernization and expansion, but did little to alter the French government's insistence that the company be at the forefront of the territory's economic development. This

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39 A. Lafond, *Note au sujet du rapport sur "les positions de M. Edouard Pentecost,"* 28 November 1966.

40 *Ibid.*

41 To solve this problem, Biros recommended a radical transformation in New Caledonia's status. He proposed binding the territory even more closely by turning it essentially into a Department of France, reducing even further the assembly's powers and thus the scope for troublemaking by local politicians. See Note, Marc Biros to MEDETOM, 22 December 1964.



AT ODDS OVER INCO: THE INTERNATIONAL NICKEL COMPANY OF  
CANADA AND NEW CALEDONIAN POLITICS IN THE 1960S

stalemate held for four years until 1967, during which time the demands that the French government allow a second company to operate in New Caledonia's nickel industry only grew louder.

At first, the French government was inclined to ignore these demands. As time passed, it found this increasingly difficult to do in large part because they emanated from across the political spectrum, not just from the territory's autonomist elements.<sup>42</sup> Eventually, the government began to relent, not least because the stalemate provoked accusations that Paris sacrificed New Caledonian concerns to French interests at the expense of stagnation in the territory. SLN itself also helped ease the way slightly in 1965 when it reached an agreement with Kaiser Aluminum, an American company, the principal benefit of which was that Kaiser promised to market 15,000 tons of SLN-produced nickel in the United States,<sup>43</sup> though the two companies also planned to cooperate on expanding nickel production in New Caledonia. This acknowledgement that SLN could not accomplish its expansion or modernization on its own, without foreign assistance, paved the way for French leaders to consider a role for other companies in New Caledonia's nickel industry. The French government as a whole remained hostile to the establishment of foreign companies in the territory, but it had begun to recognize that it might not be possible to keep them out entirely.

Events began to come to a head in 1966. By this time, several foreign companies had expressed an interest in New Caledonia's rich nickel industry, including American Climax (Amax), Patino, Hanna Mining, and Denison Mines. INCO, however, remained by far the largest and most important of the interested foreign companies. It also remained the focus of French suspicions and hostility. In April 1966, a document prepared by the Ministry of Industry highlighted the consequences to France of allowing INCO to establish itself in New Caledonia. These consequences included political difficulties, leading potentially to New Caledonia's independence from France; the loss to France of national control over the world's largest nickel reserves; the repatriation outside of New Caledonia and France of the substantial profits of New Caledonian nickel; and severe challenges to French strategic interests in the Pacific.<sup>44</sup>

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42 One of the most vocal critics of SLN and advocates of allowing INCO to operate in New Caledonia was, as indicated above, Édouard Pentecost, a *petit mineur*, businessman, and political figure. Pentecost was also, however, one of the principal backers of the *Union pour la nouvelle république* (UNR) party in New Caledonia, closely affiliated with the Gaullist UNR party in France itself. CAC, DOMTOM, Vers 19840122, Art 2, Dossier 3, Letter, Michel Pentecost to Roger Frey, Minister of the Interior, Paris, 5 January 1965.

43 Antonio Raluy, *La Nouvelle Calédonie* (Paris: Éditions Karthala, 1990), 116–17.

44 If INCO established itself in New Caledonia, the unidentified author of the document wrote, "Il n'est pas sur que, dans les années suivantes, la France soit encore souveraine en Nouvelle-Calédonie. Il est certain que le nickel lui échapperait." CAC, Industrie, Vers 19771394, Art 37, Dossier 2, *Note concernant les conséquences prévisibles de l'installation en Nouvelle-Calédonie de sociétés minières étrangères*, 4 April 1966.

France, obviously, could not afford these types of consequences; therefore, INCO and preferably all other foreign companies could not be let into New Caledonia. The key, according to a Commission of the National Assembly in Paris, was to find a third way between preserving SLN's monopoly and allowing INCO into the territory.<sup>45</sup> Preferably, this third way involved enticing another large French company to enter the nickel industry — at an estimated cost of 500 million francs — or, if a foreign company was needed, making sure it posed no threat to French interests.

In the spring of 1966, Senator Henri Lafleur proposed such a third solution. Like many political leaders in New Caledonia, Lafleur also had extensive interests in the nickel industry; he was, in fact, one of the biggest of the *petits mineurs*. Unlike Édouard Pentecost, who had optioned his nickel concessions to INCO, Lafleur's concern for French national interests led him to reject the idea of selling his family's mining rights to the nickel giant. However, he did propose pursuing an alliance, endorsed in principle by High Commissioner Jean Risterucci, with a foreign company of middling size and importance, such as Patino, as a way of revitalizing New Caledonia's nickel industry.<sup>46</sup> A deal with this type of company, he felt, would break SLN's monopoly, but posed absolutely no threat to France or its interests in New Caledonia. Unfortunately for Lafleur, Pierre Billotte, the Minister of State in charge of the DOMTOM, would not give immediate consideration to this proposal. That spring, another request from SLN for fiscal and customs concessions was before the Territorial Assembly in Nouméa, arising this time from the agreement that SLN had reached with Kaiser in 1965. Until the assembly had approved these concessions, Billotte did not want to hear any other proposals about New Caledonian nickel.

In the meantime, INCO demonstrated its continued interest in New Caledonia. A delegation from the company had visited the territory in late 1965, but, more importantly, INCO's executives also entered into discussions with the French aluminum company Pechiney about a joint nickel venture in New Caledonia. These discussions were still in their initial stages when another group of INCO representatives visited New Caledonia with their wives in February 1966, ostensibly as tourists.<sup>47</sup> Coincidentally or not, these individuals arrived in Nouméa on 23 February, the very day on which the Territorial

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45 CAC, Industrie, Vers 19771397, Art 36, Dossier 7, *Avis présenté au nom de la Commission de la production et des échanges (1) sur le projet de loi de finances pour 1967, IV Territoires d'Outre-mer, Annexe au procès-verbal de la séance de 4 octobre 1966, Assemblée Nationale, deuxième législature, première session ordinaire de 1966–1967.*

46 CAC, DOMTOM, Vers 19840122, Art 7, Dossier 1, Note, *Nickel en Nouvelle-Calédonie/Audience du Sénateur Lafleur*, Jacques Bach to MEDETOM, 21 April 1966.

47 The visitors were Albert Gagnebin, an INCO Vice-President; Dean Ramstad, INCO General Counsel; H.F. Zurbrigg, INCO's Chief Geologist; and two geologists named Laine and Bray.

AT ODDS OVER INCO: THE INTERNATIONAL NICKEL COMPANY OF  
CANADA AND NEW CALEDONIAN POLITICS IN THE 1960S

Assembly began to consider SLN's latest request for financial and other concessions. For several weeks, Albert Gagnebin, Dean Ramstad, and their colleagues toured the island, meeting local figures such as Édouard Pentecost and his son Michel, Senator Lafleur, Maurice Lenormand, representatives from the Banque de l'Indochine and even administration officials such as the territory's chief mining engineer. In the process, they attracted a lot of attention and favourable comment from the territory's press, including the Union Calédonienne's *L'Avenir Calédonien*, which reminded its readers that New Caledonia's future depended on the installation of new mining and metallurgical companies in the territory. The article noted with approval other companies' interest in New Caledonia but it focused on INCO, the good that it could do for the territory, and the hostility that both SLN and the French administration directed towards it.<sup>48</sup> The newspaper considered this hostility groundless, but to the administration in Nouméa the visit was very unwelcome.

On 24 February, the day after INCO's officials arrived in Nouméa, the Territorial Assembly postponed consideration of SLN's request for financial concessions for three months. To French officials at least, the connection between these two events was clear. From their perspective, the clear reminder of INCO's interest in New Caledonia coupled with the not-so-subtle indications of INCO's financial resources — among other things, the visitors arrived from Fiji on a flashy chartered airplane — had a direct effect on the assembly and its refusal to address immediately SLN's demands. The subsequent discrete announcement by the visitors that INCO was prepared to invest \$100 million to build a new refinery in the territory capable of producing 25,000 tons of nickel annually had similarly adverse effects, provoking a "serious disturbance" in public opinion.<sup>49</sup> To the French, INCO was waging an all-out campaign to win the hearts and minds of the people of New Caledonia and in the process it seriously impeded Société Le Nickel's ability to secure badly-needed concessions from the Territorial Assembly. This apparent demonstration of INCO's power and influence reinforced the French perception that INCO threatened France's interests and needed to be stopped.

Despite the success of their trip to New Caledonia, Gagnebin and Ramstad had been unable to meet with Pierre Billotte, the Minister in charge of the DOMTOM, even though they had all been in New Caledonia at the same time. Moreover, Billotte also refused to meet with INCO's representatives in Paris until, as he informed Senator Lafleur, the Territorial Assembly had definitively settled the issue of the taxes and other conventions applied to SLN and its oper-

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48 CAC, Industrie, Vers 19771394, Art 37, Dossier 2, "*Le Développement de la Nouvelle Calédonie par l'installation de nouvelles entreprises minières et métallurgiques reste la clé de notre avenir*," in *L'Avenir Calédonien* (22 March 1966).

49 CAC, Industrie, Vers 19771397, Art 37, Dossier 2, *Mission de l'INCO en Nouvelle Calédonie*, 11 March 1966.

ations.<sup>50</sup> In effect, the French government in Paris and the Territorial Assembly in Nouméa engaged in a battle of wills, with INCO in the middle. The government would not consider allowing a second company to enter New Caledonia's nickel industry until SLN was given the opportunity to revitalize itself, but the Territorial Assembly would not make the necessary concessions to SLN unless its monopoly of the industry was broken, preferably by INCO.<sup>51</sup> The Territorial Assembly had wanted to send a delegation to Paris to discuss this situation, but Billotte refused to meet with it until the assembly had done its duty regarding the new convention with SLN.<sup>52</sup> By the spring of 1966, therefore, the stalemate between Paris and territorial leaders regarding New Caledonia's nickel industry had intensified.

The French government continued to hope that the situation in New Caledonia could be salvaged. In April 1966, Billotte created an inter-ministerial team of officials tasked with formulating proposals for the development of the nickel industry in New Caledonia. It was purely a public relations exercise. The proposals were supposed to be completely unacceptable to INCO, but would enable Risterrucci to swing public opinion in New Caledonia and especially the Territorial Assembly back towards support for SLN.<sup>53</sup> It is unclear what, if any, proposals were actually developed, but in any event the territorial politicians could not be swayed. On 7 July, four prominent members of the Assembly — the President of the Assembly Armand Ohlen, Henri Lafleur, Georges Chatenay, and Matayo Wetta Doui — submitted a memorandum on the development of New Caledonia's nickel industry for the assembly's consideration. This memo amounted to a detailed denunciation of SLN, its continual demands for concessions from the assembly, and the lack of benefits it returned to the territory. The memo also enthusiastically endorsed the establishment of INCO in New Caledonia and dismissed the French government's concerns about INCO's political influence on the territory. Instead, it highlighted the benefits to New Caledonia, including greater economic stability and industrial development, of breaking SLN's monop-

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50 CAC, DOMTOM, Vers 19840122, Art 7, Dossier 1, Telegram, MEDETOM to HAUSSAIRE, 16 March 1966.

51 Ironically, Billotte's message to Risterrucci of 16 March 1966, implies Billotte's willingness to meet with INCO's representatives under the proper circumstance, indirectly supporting Jacques Foccart's contention that, immediately after his appointment as MEDETOM on 8 January 1966, Billotte had begun quietly negotiating with INCO regarding the establishment of a second nickel company in New Caledonia. Foccart learned of these discussions within two weeks and confronted Billotte, whereupon the latter retreated and adopted an anti-INCO attitude more in line with the rest of the government's thinking. Foccart, 657.

52 MEDETOM to HAUSSAIRE, 16 March 1966.

53 CAC, DOMTOM, Vers 19840122, Art 7, Dossier 1, Telegram, Jacques Bach to HAUSSAIRE, 13 April 1966.

AT ODDS OVER INCO: THE INTERNATIONAL NICKEL COMPANY OF  
CANADA AND NEW CALEDONIAN POLITICS IN THE 1960S

oly.<sup>54</sup> Support for this memo crossed party lines — it was approved with only one dissenting vote — and reaffirmed the assembly's determination to see INCO installed in New Caledonia as part of a process of diversifying and stimulating investment in the territory's nickel industry.

Faced with this show of unity and determination on the part of the Territorial Assembly, the French government bowed to the seemingly inevitable and abandoned its opposition to the creation of a second nickel company in New Caledonia. To do otherwise, as a newspaper article stated succinctly several months later, risked alienating the people of New Caledonia and perhaps bolstering calls for its independence. New Caledonians, claimed *Les Échos*, wanted a second nickel company and in an age of decolonization France could not continue to ignore their demands.<sup>55</sup> The French government may have had to reconcile itself to a second nickel company in New Caledonia by late 1966, but it had not been reconciled to letting INCO have a stake in it. From late 1966 to early 1967, the government tried desperately to find another company to lead this project. Among the proposals floated during this period was an association with Denison Mines, another Canadian mining company.<sup>56</sup> Other proposals involved companies like Hanna Mining and Amax. These companies, however, were not yet prepared to commit to New Caledonia as firmly as INCO, with its previously announced offer to invest \$100 million in building a new nickel refinery. Nor did these other companies have the same level of support within New Caledonia as did INCO.

By June 1967, having exhausted other alternatives, the French government finally approved in principle the establishment of a second nickel company in New Caledonia. At that time, Charles de Gaulle himself seemed ready to accept INCO's participation in it — if not INCO, he said, it would have to include another company, such as the American company Hanna Mining, which in his mind was not much better — but Jacques Foccart and Georges Pompidou, the

54 CAC, Industrie, Vers 19771394, Art 33, Dossier 3, *Memorandum sur le développement de l'industrie du Nickel et les projets d'implantation de nouvelles usines de traitement par des firmes franco étrangères, déposé par M.M. Ohlen, Laflleur, Chatenay, et Wetta Doui et approuvé par l'Assemblée Territoriale de la Nouvelle Calédonie lors de sa séance le 7 juillet 1966.*

55 As found in CAC, Industrie, Vers 19771394, Art 37, Dossier 1. "L'argument politique local: une deuxième société ou l'indépendance," *Les Échos* (3 April 1967).

56 For the French government, there were two possible advantages to a deal with Denison. On the one hand, Denison was not INCO, but being a Canadian company, it would demonstrate that the French government bore no ill will towards Canadian companies. On the other hand, Denison was also Canada's largest supplier of uranium and the Canadian government, under pressure from the United States, had recently refused to sell uranium to France. It was rumoured that de Gaulle favoured a deal with Denison in the hope that giving Denison access to New Caledonian nickel would help persuade the Canadian government to sell uranium to France despite American opposition. See "De Gaulle's Ni for U Deal," *Metal Bulletin* (27 September 1966): 20; and "New Caledonian Nickel — De Gaulle Takes a Hand," *Mining Journal* (23 September 1966): 209, found in CAC, Industrie, Vers 19771394, Art 37, Dossier 1.

Prime Minister, continued to resist on the grounds that INCO was too dangerous to allow into New Caledonia.<sup>57</sup> It took Pierre Billotte and especially Jean Risterrucci to overcome this opposition with the argument that New Caledonia's political stability depended on granting the territory's desire for new investment in the nickel industry.<sup>58</sup> Under the circumstances, the French had little choice. Persuaded by necessity, de Gaulle and the French government agreed to allow a new company to enter New Caledonia's nickel industry. In October, the French Bureau de Recherches Géologiques et Minières (BRGM) signed, on behalf of the government, a letter of understanding with INCO regarding its participation in this new company.

The new company was to be called *Compagnie française industrielle et minière du Pacifique (COFIMPAC)*. INCO owned 40 percent of the company with the rest of the shares held by another company called *Société auxiliaire minière du Pacifique (SAMIPAC)*, itself owned by a consortium of French companies led by UGINE-Kuhlmann and the government-run BRGM, which together owned 60 percent of SAMIPAC. Several other companies, including the *Compagnie financière de Paris et des Pays-Bas*, the *Compagnie financière de Suez et de l'Union Parisienne*, the *Banque de l'Indochine*, and the *Banque nationale de Paris*, held the rest of SAMIPAC. In all, COFIMPAC aimed at producing 50,000 tons of nickel per year from nickel concessions in the south of New Caledonia's main island ceded to it by the BRGM, as well as the Pentecost group. Despite INCO's involvement in it, however, COFIMPAC was intended to be a French company, dominated by French interests. It was based in Paris; its president, director general, and managing director in New Caledonia had to be French citizens, with the government holding right of approval over the appointment of the president; and INCO controlled only five of 12 seats on the Board of Directors. Additionally, though INCO committed to supplying COFIMPAC with the necessary technology to exploit Goro's low-yield laterite ores, to building a new nickel refinery, and to providing up to 70 percent of the project's financing, INCO personnel could not be employed in New Caledonia except on a temporary basis and the company itself could not have a visible presence in the territory.<sup>59</sup>

The purpose behind these types of requirements is clear. The French government had grudgingly accepted INCO's participation in COFIMPAC, but insisted on limiting as far as possible the company's influence on both COFIMPAC and New Caledonia. Because of the difficulties involved in negotiating the terms of the deal between INCO and SAMIPAC, and in securing the French government's approval of them, the final agreement for the creation of COFIM-

57 Foccart, 657–8.

58 *Ibid.*, 666.

59 CAC, DOMTOM, Vers 19940169, Art 92, Dossier 1, *Protocole entre SAMIPAC et INCO*, 14 March 1969.

AT ODDS OVER INCO: THE INTERNATIONAL NICKEL COMPANY OF  
CANADA AND NEW CALEDONIAN POLITICS IN THE 1960S

PAC was only completed in March 1969, 18 months after INCO had signed its letter of understanding with the BRGM. According to Jean Le Borgne, New Caledonians reacted to this delay with pessimism, convinced that it represented another attempt to keep INCO from establishing itself in the territory.<sup>60</sup> The fact that in 1968 the French government also introduced a series of three measures — called the Billotte laws — which stripped the Territorial Assembly of its powers over the mining industry, provoked further outrage. The members of the Territorial Assembly denounced these measures unanimously in November 1968, but they could not prevent their enactment in Paris in early January 1969,<sup>61</sup> two months before the establishment of COFIMPAC. Despite having been forced to accept INCO's involvement with the new nickel company, the French government obviously had no intention of losing control of New Caledonia's all-important nickel industry.<sup>62</sup>

Following its establishment in 1969, COFIMPAC proved disappointing to many of the territory's leaders. Exploration of the company's concessions around Goro began in 1968, but the company's first years saw few concrete achievements. By 1971, unable to contribute their share of the company's financing, several of the French partners withdrew from the SAMIPAC consortium, including the Suez and Indochina Banks, the Schneider Company, and Pechiney. Even the government-owned BRGM wanted to reduce its stake in SAMIPAC from 30 to 12 percent. The corporate structure that the French government had sought, to balance INCO in COFIMPAC and ensure that the company remained French, proved too complicated and fragile despite the nickel boom that had begun in the late 1960s and continued in the early 1970s. The moribund company subsequently collapsed in 1972, after the government proposed reducing the size of its mining concessions by transferring some of them to Pechiney alone, a transaction that INCO would not accept.<sup>63</sup> Frustrated but undaunted, INCO began pursuing new arrangements with the French government and other French companies, notably the energy company Société Nationale des Pétroles d'Aquitaine (SNPA), to enable it to continue to operate in New Caledonia. After almost a decade and a half, despite the company's efforts and the hopes of many New Caledonians, INCO still remained effectively shut out of New Caledonia's nickel industry.

To many in New Caledonia, the responsibility for the collapse of COFIMPAC lay firmly with the French government, which had taken to itself all

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60 Le Borgne, 531.

61 Among other things, the Billotte laws transferred to Paris control over permits for mining exploration and extraction in New Caledonia. Connell, *New Caledonia or Kanaky?*, 253.

62 It was measures like the Billotte laws that, according to scholars such as Robert Aldrich and John Connell, successfully kept foreign penetration of New Caledonia's mining industry to a minimum. Aldrich and Connell, *France's Overseas Frontier*, 102.

63 Le Borgne, 531.

responsibility for the nickel industry only to impede attempts to break SLN's monopoly. The French government's palpable hostility towards INCO did not escape many; in the election for the territorial Deputy to the National Assembly in early 1973, several parties, including the Union Calédonienne, campaigned in part on the culpability of the administration in the failure of COFIMPAC. In one of its first acts following the election, won by the UC with the support of the Mouvement Populaire Calédonien, the Territorial Assembly reaffirmed its wish to see INCO established in the territory. Roch Pidjot, newly re-elected as Deputy to the National Assembly, also returned to Paris with instructions to seek the repeal of the Billotte laws, restoring to the Territorial Assembly local responsibility for New Caledonia's mining industry.<sup>64</sup> After a decade and a half of pushing for the diversification of the territory's nickel industry, the Territorial Assembly remained at loggerheads with the French government, which had continuously frustrated that goal. In the process, the government helped create the very problem that it had tried to forestall.

Many scholars who study New Caledonian nationalism and politics in the late twentieth century consider the 1960s a period of lost opportunities, when the French government squandered the chance to prevent the development of a full-blown independence movement in its most valuable Pacific territory. In the 1950s and 1960s, they point out, the autonomist movement, based largely but not exclusively in the Melanesian Kanak community and led by moderates such as Maurice Lenormand and Roch Pidjot, sought greater autonomy for New Caledonia within the French umbrella rather than its independence. They believed that New Caledonia and its indigenous peoples could prosper under French sovereignty though they wanted local authorities to exercise greater responsibility over the territory's economic development and other matters. It was only in the 1970s that radicalized nationalists began to push forcefully for New Caledonia's independence from France.<sup>65</sup> Prior to that point, the interests of the French and of the New Caledonian nationalists had not been irreconcilable.

By the early 1970s, many of the territory's autonomists had become convinced that New Caledonia's potential could not be realized under a regime that subordinated New Caledonian concerns to French national interests. As proof, they needed to look no further than the French government's response to efforts to diversify investment in the nickel industry, where the desire to retain the industry's benefits for France and French companies and fear of the influence that foreign companies would have on political developments in the territory,

64 CAC, DOMTOM, Vers 19940218, Art 15, Dossier 6, HAUSSAIRE to MEDETOM, 6 April 1973.

65 Chappell, "The Black and the Red," 51; Stephen Henningham, "A Dialogue of the Deaf: Attitudes and Issues in New Caledonian Politics," *Pacific Affairs* 61, no. 4 (Winter, 1988–1989): 638.



led the government to impede, even deny New Caledonians the opportunity to maximize the benefits they received from their mineral wealth. Instead of accommodating autonomists' expectations of reasonable self-government, the French government stripped the Territorial Assembly of many of its powers in 1963 and 1969, concentrating political authority over New Caledonia in Paris. In the 1960s, the only empire from which New Caledonians wished to be liberated belonged to *Société Le Nickel*. Ironically, by obstructing foreign investment in the territory and reducing its autonomy in order to keep foreign companies out, the French government actually helped set the stage for the emergence of a full-blown independence movement in New Caledonia in the 1970s.

It was not just foreign investment in general that the French government feared. Because of its size, its dominance of the global nickel industry, and its unwelcome American influences, the French government considered the International Nickel Company of Canada one of the greatest potential threats to French interests in New Caledonia and focused its efforts on keeping this particular company from establishing itself in the territory. No other foreign company concerned the French nearly as much as INCO — even after it acquiesced in 1966 to demands for a second nickel company in New Caledonia, it adopted an any-company-but-INCO policy before reluctantly abandoning it in 1967 — and it was the French government's obstruction of INCO throughout the 1960s and into the 1970s that antagonized New Caledonian public opinion.<sup>66</sup> As a result, INCO occupied a prominent and uncomfortable position at the centre of the debate about New Caledonia's economic and political development in this period, a position that undermined its efforts to maintain its dominance of the nickel industry through access to New Caledonia's vast reserves of nickel and thus contributed to its own long-term decline.

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66 Raluy, 125.

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