quency and urban violence. The 1989 census revealed that the population had grown to 164,000, with Melanesians representing 45 percent of the total. There was little progress on land reform, despite repeated promises.

The year drew to a close with the pardoning of 26 Kanaks jailed after the murder of four gendarmes in April 1988, the incident that had precipitated the Ouvea violence. Although opposed by the right wing, the amnesty indicated the further distancing of New Caledonia from the violence of the immediate past. The year ended as peacefully as it had begun. But it had added one more violent chapter to the recent history of New Caledonia, and witnessed what appeared to be the declining fortunes of the FLNKS, despite its continued electoral support.

JOHN CONNELL

Papua New Guinea

This was Papua New Guinea's most difficult year since independence in 1975. On Bougainville Island more than fifty people died and many more were injured in clashes between security forces and militant landowners near the giant Panguna copper and gold mine, and in outbursts of ethnic violence between Bougainvillean and migrants from other provinces. The forced closure of the mine in May 1989 had serious economic consequences, especially for government revenues and the country's balance of payments.

More important, however, were the political and social implications of the Bougainville crisis. The national government was unable to negotiate or impose a solution, while the undisciplined behavior of its security forces served to exacerbate existing ethnic and separatist tensions.

Growing dissatisfaction with Bougainville Copper Limited's response to certain long-standing grievances had led some landowners to adopt militant tactics in late 1988. The initial campaign of bombing and arson directed against company property was orchestrated by a group of landowners, led by a former mine employee, Francis Ona, who had become disenchanted with the leadership and approach of their representative body, the Panguna Landowners Association. However, Ona's group, associated with the so-called new Panguna Landowners Association, and based in Nasiòi villages close to the mine, was not the only one active in 1989. Acts of violence were also committed by individuals and groups in broad sympathy with Ona's anticompany and secessionist sentiments, but pursuing their own particular agendas (May 1989, 23–25). Most of the action, which included the toppling of power pylons and shooting at traffic on the Port-Mine Access Road, was designed to put the mine out of production.

While some landowners, notably the officers of the trust fund set up in 1980 to invest compensation payments on behalf of landowners, the Road Mining Tailings Leases Trust (RMTL), were prepared to negotiate a settlement, Ona's group was still sticking to its original demands at the end of the year. These included 50 percent of the total revenues generated by the mine since production commenced in 1972, and K10 billion to compensate for envi-
ronmental and social disruption. A call for a referendum on secession for Bougainville was added early in 1989.

Prime Minister Rabbie Namaliu continued throughout the year to press for a negotiated settlement. The culmination of these efforts was the so-called peace package, first announced in late April, that included provisions for the transfer of half of the government’s 20 percent share of equity in the mining company to the provincial government and landowners; a greater share of mining royalties to go directly to the landowners; an unconditional annual grant to the provincial government equivalent to 1 percent of the gross value of minerals produced in the province; and a five-year program of support for development projects in the province.

The North Solomons Provincial Government was prepared to accept the offer, despite the recommendations of a provincial select committee that all national government powers, except foreign affairs, defence, and some central banking functions, should be devolved to the province. Some landowner representatives were also prepared to sign the agreement, although one group, led by the secretary of the RTML, Lawrence Daveona, floated a “counter-proposal” that sought tax concessions for RTML and the free transfer of all of the government’s equity in the mine to the landowners. Despite numerous approaches by government representatives and intermediaries, offers of safe-conduct, and ceasefires, Ona’s group continued to reject the package out of hand, making negotiations conditional on the withdrawal of all security forces from the province.

During the first half of the year, Namaliu managed to stand firm against regular calls from within and without his government for a “military solution.” In March, members of the Papua New Guinea Defence Force were sent in, but to assist police to control extensive rioting sparked by clashes between Bougainvillean and migrants. There was no determined offensive against the militants until June, when the government ordered security forces to “flush out” Ona and his men, and activated constitutional provisions for a state of emergency. In July, the government announced plans to introduce an internment bill (later withdrawn after protests from students and others), and the first of the four Australian-donated Iroquois helicopters arrived to provide logistical support for the security forces.

Support for a “military solution” increased significantly after the chair of the provincial select committee on the crisis, John Bika, was murdered by masked gunmen on 12 September. Two days later Minister of State and former Defence Commander Ted Diro authorized the security forces to use mines and booby traps to counter further sabotage attempts. By the end of the year, two soldiers had apparently fallen victim to these devices. In October, Colonel Leo Niuia, widely regarded as a hardliner, replaced Colonel Lima Dotaona as deputy controller of the state of emergency (Standish 1989, 10). At year’s end Ona and his key supporters were still at large. The financial cost of the crisis was already enormous, and no solution was in sight. The state of emergency itself was estimated to have cost more than twelve
million kina. At the end of December, Bougainville Copper Limited finally announced plans to lay off most of its employees and to place the mine on a "care and maintenance" basis. With the mine out of production, Papua New Guinea was deprived of 19 percent of its government revenue, 30 percent of its exports by value, and some K200 million per year in foreign exchange earnings.

Other costs were harder to quantify, but equally important. Nearly four thousand villagers had been evacuated from troubled areas and were living in 19 "care centers" in and around Arawa. Many non-Bougainvilleans had left the province. There was a growing sense of outrage among Bougainvilleans at the conduct of the security forces, especially the police. Some sixteen hundred dwellings had been destroyed in raids on villages suspected of harboring militants. Provincial premier Joseph Kabui and one of his ministers, Michael Laimo, had been beaten by riot police in July, with Laimo losing an eye as a result. In April 1989, the widely respected human rights group, Amnesty International, began documenting cases of ill-treatment, torture, and unlawful killing at the hands of the security forces. By December they had launched a letter-writing campaign citing three particular cases of abuse, and aimed at the prime minister and his minister for justice (TPNG, 14 Dec 1989).

There were other examples of ill discipline in the ranks of the police and the army during 1989. On 8 February soldiers marched on parliament, smashing windows and damaging property along the way, to protest the size of their long-awaited pay increase. As a result of this incident, Defence Force Commander Rochus Lokinap and the department secretary, Steven Mokis, were suspended but subsequently reinstated at the recommendation of a Defence Force Board of Inquiry (PR, 12 Oct 1989). In March, police demonstrated at the house of Provincial Affairs Minister John Momis after he called for the dismissal of the police commander in Bougainville, Paul Tohian. Then in June, police shot dead a student on the campus of the University of Technology in Lae and were accused of committing criminal acts on the Waigani campus of the University of Papua New Guinea by Vice-Chancellor John Lynch.

Security forces were called on to deal with riots in Port Moresby, Lae, Hagen, and Wabag during 1989. Two people died in Port Moresby in March as a "peace march" to protest the killing of a youth leader and his wife, supposedly by migrants from another area, turned violent. In July, riots broke out in Hagen and Wabag after the shooting death of Communication Minister Malipu Balakau, allegedly at the hands of supporters of rival Highlands politician, Paul Torato. Early in September, a curfew was imposed in Lae after two days of violence followed the shooting of a policeman and one of his relatives. The Morobe Provincial Government, already under scrutiny for gross mismanagement of public funds, was suspended at the same time. The Lae curfew remained in effect at the end of 1989.

Prime Minister Namaliu managed to stave off several attempts to unseat his government during the year. Unde-
ttered by an unprecedented public outcry at the prospect of an early change of government, the opposition gave notice of a vote of no confidence in March, naming Paias Wingti as the alternate prime minister. The move gained momentum with the defection of five members of the government, including Pangu Pati stalwart Tony Ila, but was preempted when the government adjourned parliament before a vote could be taken. In the July session of parliament, the threatened vote failed to materialize when opposition estimates indicated that they did not have the necessary support. Yet another attempt to replace Namaliu in November ended in a resounding victory for the government when, after much wheeling and dealing, the opposition withdrew its motion of no confidence at the last minute.

A major disappointment of 1989 was the lack of progress on constitutional reforms designed to reduce the frequency of votes of no confidence. But the Namaliu government did manage to amend parliament’s standing orders in November to require a vote of no confidence to go through a committee stage, and to prevent its reintroduction in the same session in which it was withdrawn or defeated.

The Commission of Inquiry into the Forest Industry, under the leadership of Judge Tos Barnett, presented its final report to the prime minister in July. The lengthy report documents widespread corruption and mismanagement in Papua New Guinea’s lucrative forest industry. Included in the long list of prominent leaders implicated by the inquiry are former Prime Minister and current Foreign Minister Michael Somare, and Minister of State Ted Diro. In the first of many anticipated disciplinary actions arising from the work of the commission, the Leadership Tribunal recommended in October the dismissal of Housing Minister Gerard Sigulogo from parliament for corruptly requesting K30,000 from a Malaysian logging contractor (PR, 12 Oct 1989).

Despite the on-going Bougainville crisis, and depressed prices for Papua New Guinea’s major agricultural exports, the government promoted a very optimistic view of the state of the economy during 1989. Indeed, the 1990 budget provided for a 5 percent increase in public spending, increased the National Development Fund (the “slush fund” for individual members of parliament) by K6.5 million, and set aside half a million kina to purchase a new executive aircraft. This increased expenditure was to be financed by drawing heavily on the minerals stabilization fund, and by a substantial increase in tax revenues and internal borrowings. However, the continued closure of the Bougainville mine makes a major revision of the 1990 budget, and some large cuts in public expenditure, inevitable.

There were some significant developments in the mining sector outside Bougainville during the year. The agreement to develop the giant Porgera gold mine was signed in May, with production expected to commence in 1992. However, this was only after the minister for the environment had been forced to withdraw his demand that the company build a tailings dam, and the Enga provincial premier had modified some of his demands for local par-
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ticipation in the venture. The Misima gold mine commenced production in June, some three months ahead of schedule, and construction of the very rich Lihir mine was expected to begin in 1990. Meanwhile, the Ok Tedi copper and gold mine continued to be plagued by mechanical and other problems. The government's decision not to require the company to build a permanent tailings dam was a major blow to environmentalists and villagers concerned about the apparent pollution of the Ok Tedi and Fly rivers.

In foreign affairs, the government opened a new consulate in the Indonesian province of Irian Jaya in September, and announced plans to appoint honorary consuls in Guam, Hawai'i, San Francisco, Hong Kong, and northern Australia. The Soviet Union agreed to establish an embassy in Port Moresby, but no opening date had been announced by the end of the year. Meanwhile, the Peoples Republic of China made known its displeasure at the apparent strengthening of relations between Papua New Guinea and Taiwan.

Papua New Guinea suffered a major loss with the death on the last day of the year of Sir Ignatius Kilage, elected as the country's fourth governor-general in March 1989. A Highlander and former Roman Catholic priest, Sir Ignatius was best known for his ten-year fight against corruption in government as ombudsman. In April 1989, he had made his presence felt by placing a full-page advertisement in the newspapers appealing for the peaceful resolution of the country's many conflicts and urging "breathing space" for the beleaguered Namaliu government (PR, 13 April 1989). It seems unlikely that his wishes will be realized in 1990.

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SOLOMON ISLANDS

Prime Minister Ezekiel Alebua's 1988 speech marking the tenth anniversary of independence raised a number of alarming issues that remained relevant in 1989. Alebua noted that population was increasing at a rate of 3.5 percent per annum, while the rate of economic growth was a mere 1.5 percent. The rate of inflation was estimated to be 20 percent in 1988, and may have been as high as 26 percent in 1989. The three-volume 1987 Constitutional Review Committee Report, published in 1988, alleged that the government was out of touch with the people and advocated further decentralization.

The teachers went on strike for a pay increase just weeks prior to the February 1989 general election. Initially said to be illegal (STT, 17 Feb 1989, 1), the strike caused concern nationwide and became an important element in the elections. By February, schools were closed down, teachers had been sacked, and the Alebua care-