

A review of Solomon Islands was not available for this issue.

FII

The year 1995 promised to be a decisive one for Fiji. It marked the twenty-fifth anniversary of independence, a historic milestone that symbolized both the end of an era and a new beginning. It was also the year when the process of reviewing the 1990 constitution got underway, an exercise that could profoundly shape Fiji's future. Instead, 1995 was a year of missed opportunities. Pressing political, economic, and social issues were left unresolved, while the nation and its leaders remained distracted by financial scandals, leadership squabbles, and racial discord.

The constitutional review dominated the political landscape in 1995. The 1990 constitution had mandated that a review be undertaken by the end of 1997, and in October 1994 it was decided that the review should be carried out by a three-person commission. Some dispute occurred between the government and the opposition over whether the chair of the commission should be from overseas or a local, but this was resolved by the end of 1994 in favor of an overseas chair. However, in January 1995 a new disagreement emerged over the selection of the chair, with the government insisting that cabinet make the choice. The opposition maintained that it should be a consensus decision made by the parliamen-

tary select committee on the constitution. These differences were eventually ironed out, and in March President Ratu Sir Kamisese Mara announced the appointment of a three-member commission, comprising a chairman, a government nominee, and an opposition nominee. The choice for chairman was Sir Paul Reeves, New Zealand's first Māori governor general and Anglican archbishop. The government's nominee was long-serving Minister Tomasi Vakatora, and that of the opposition was historian Dr Brij Lal.

Having achieved its long-awaited goal of an independent constitutional commission, the mood of the opposition was one of undisguised relief and optimism. National Federation Party Leader Jai Ram Reddy confidently declared that "the constitution will be reviewed for the better" (*TR*, June 1995). Both sides could claim credit for showing some flexibility in negotiating the structure and composition of the commission.

In June the Constitutional Review Commission was sworn in and began hearing submissions from the public in July. These hearings, held throughout the country, continued until October. In many ways this was a period of unprecedented political debate and political engagement by the people of Fiji. Approximately four hundred seventy written and oral submissions were presented by a broad cross section of individuals, groups, and organizations. For some it was a cathartic experience, an opportunity to express pent-up

grievances, hopes, and aspirations. Predictably, the submissions reflected the diversity of opinion in the country, particularly between the two major races, and revealed the depth of racial division, mistrust, and ignorance of other communities.

The National Federation and Labour parties presented a joint submission to the commission that addressed the common concerns of the Indian community. Among its recommendations was a call for the president to be elected by parliament from nominees of the Great Council of Chiefs, and for the vice president to be of a different race. It also advocated proportional representation in cabinet, that the Senate be abolished, and that the Senate's veto powers go to the Great Council of Chiefs. Together with several other political parties who made submissions, including the Fijian Association Party and the General Voters Party, it endorsed a move away from the communal electoral system of the 1990 constitution, which they claimed only served to encourage racial polarization and racially based parties. The General Voters Party called for the removal of the constitutional provision that the prime minister be an ethnic Fijian, and for the inclusion of other ethnic groups in cabinet.

The submission of the ruling *Soqosoqo ni Vakavulewa ni Taukei* party (SVT), the last to be received by the commission, caused the most shockwaves. Although reflecting the general tone of Fijian submissions, the extent to which the submission defended the 1990 constitution and its principle that "political control must

reside in indigenous Fijian hands" caught many by surprise. The SVT submission left no doubt where the party stood on the purpose of the constitutional review. It was not to be "a popular test of, or a popular referendum on, the general acceptability of the 1990 constitution." The SVT called for increasing the number of seats in parliament from 70 to 90 (58 to Fijians, 20 to Indians, 4 to Muslims, and the remainder to other ethnic groups). In what some took to be a sign of tension between the government and President Ratu Mara, the SVT advocated curtailing the emergency powers vested in the president under the 1990 constitution, arguing that these should be "exercised only at the advice of the Prime Minister and Cabinet."

The SVT submission painted a picture of suspicion and discord between the races, commenting that "it has probably never occurred to Indians that Fijians do not trust them politically." NFP leader Jai Ram Reddy voiced the general outrage and disappointment of his community. Describing it as "irresponsible," he said the document offered "no realistic basis for dialogue and negotiation" (*TR*, Nov 1995). The mood of optimism that prevailed at the start of the commission's work had all but dissipated by the time submissions ended.

The SVT submission was presented on 10 October, Fiji's independence day. It cast a shadow over the twenty-fifth anniversary celebrations and left an ominous cloud over the future of the commission's report. How would the report, due to be handed to the president and tabled in parliament in June 1996, be received if it deviated from

the recommendations of the SVT? What would its fate be? Prime Minister Rabuka attempted to give some assurances. "The Commission will make an independent evaluation of all individual submissions and hopefully produce a report to parliament that will be a good realistic basis for dialogue, negotiation and compromise between the political parties" (*FT*, 7 Oct 1995). As past experience has shown, however, these vague sentiments can mean different things to different people.

The prime minister's own views of the Constitutional Review Commission were, as with many of his utterances, fraught with ambiguity. In July, soon after the hearings began, he claimed that "we do not need a Sir Paul Reeves, Tomasi Vakatora or Brij Lal to sit here and judge what is good for Fiji" (*TR*, Aug 1995). He later defended the SVT submission on the grounds that its views were those of the "ordinary Fijian people" and that "even though unpalatable to some" they should not be "swept under the carpet" (*FT*, 7 Oct 1995). By year's end he was accusing critics of the 1990 constitution of orchestrating a "well prepared plan to destabilize Fiji if political demands are not met" (*TR*, Dec 1995).

While the commission focused on future constitutional arrangements for Fiji, there were constant reminders throughout 1995 of the interrelationship between politics and economics. Economic concern centered on the urgent need to generate investment and produce jobs, especially for the estimated thirteen thousand annual school leavers. The theme of the National Economic Summit held in May was

"Investment for Growth and Jobs," and the reports prepared for the summit by various committees highlighted the need for major reforms as well as the resolution of key political issues (the constitution in particular). In his address to the summit, the prime minister appeared to recognize this when he said, "In many ways we are a community divided. While these divisions persist, our progress will be held back" (*TR*, June 1995). The message was reiterated by reports on the Fiji economy prepared by the International Monetary Fund and the World Bank.

Despite numerous reports, recommendations, and the government's own rhetoric, policies and action were not forthcoming. There was a general inability or lack of will to confront political obstacles, whether dissent in the government's own ranks or opposition from grassroots supporters and interest groups. This was evident early in the year when the government's attempt to lift the Sunday Observance decree, which had been targeted by the business community as an obstacle to commercial activity, was blocked by Methodist opposition. About twelve thousand members of the fundamentalist-led church marched throughout Fiji in protest at what was seen as a betrayal of the government's election promise not to revoke the decree. The issue was finally put to rest in the second half of the year, once the Great Council of Chiefs decided at its July meeting that the ban be partly relaxed. Then in August a new president of the Methodist Church was elected, a moderate intellectual who had openly criticized the politicization of the church under former head Manasa Lasaro,

and who did not believe in the biblical basis of the Sunday ban. This paved the way for general acceptance by the church of a repeal of the decree.

The future of land leases, due to begin expiring in 1997, loomed as the government's greatest and perhaps most perilous challenge—a challenge that the government seemed slow to take up. Some clarification of the future status of the five thousand leases up for renewal between 1997 and 2005 under the terms of the Agricultural Landlord and Tenant Act was anticipated in 1995. At the start of the year, the Native Land Trust Board completed a pilot survey of leases due for renewal in 1997. This was part of a two-pronged approach toward the review of the Act agreed to by parliament in October 1994: that the legislation be reviewed in one exercise, and that the leases be reviewed separately by the Native Land Trust Board. Despite assurances by the government and the board that the number of tenants able to renew leases would be larger than expected, that land would be found for resettlement for those not renewed, and that compensation would be paid to farmers forced to move, many questions remained unanswered. How many leases would be renewed? Where would farmers be resettled, and what would they plant, given that new cane areas were unlikely to be opened up? How much compensation would they receive, and where would this money come from? Given these imponderables, the minister for agriculture's claim in parliament at the end of the year that “the position of leases which expire between 1998 and 2024 will be known by the

end of December 1996” (*FT*, 2 Dec 1995) seemed hardly reassuring, particularly in light of the SVT's submission to the Constitutional Review Commission, which called for the issue of lease renewals to be left up to the individual tenant and landlord. According to sugar industry officials, such an approach would be a recipe for disaster as it would leave the future of the cane leases to the whim of landowners. It was seen as an example of the SVT's pandering to grassroots constituents.

The government's inability to get economic policy implemented was further illustrated by the fate of the Public Enterprise Bill, a cornerstone of its economic reform program. With this bill, the government was set to proceed with the privatization of statutory bodies and departments. However, backbench opposition, led by outspoken former minister Militoni Leweniqila, as well as opposition from the National Federation and Labour parties, meant the bill failed to get the numbers in the House, and was sent back to a parliamentary select committee for review. The main criticism of the bill was that it concentrated too much power in the hands of one minister (its architect and key Rabuka ally, Minister for Trade and Commerce Jim Ah Koy). Leweniqila, who had been relegated to the backbench earlier in the year after falling out with the prime minister over a Wage Order Act, was a frequent thorn in the government's side. He chose the time of the handing-down of the budget in November to mount another challenge, claiming “it is time we had a change of government” (*TR*, Dec

1995). His threat to defeat the budget and bring down the government, as occurred in 1993, proved short-lived. He was quickly brought back into the party fold, and Rabuka assured him there were “no hard feelings” (*FT*, 17 Nov 1995). However, the incident underscored what appeared to be an ongoing concern among some of the SVT’s parliamentarians about Rabuka’s leadership style, and in particular his lack of consultation over policy.

The November budget, which should have been a high point for the government in terms of setting out its economic agenda for the year ahead, proved yet another disappointment, in part because it contained little in the way of strategies for stimulating the economy. It was in many respects a “standstill” budget. The budget itself was also overshadowed by political controversy that distracted attention from more substantial economic debate. In addition to Leweniqila’s threats, there was acrimony between the government and the opposition over the question of whether the NFP and Labour leaders would be briefed on the budget before it was presented to parliament. The prime minister had suggested that he favored some consultation, but NFP leader Jai Ram Reddy was vocal in his skepticism. “What assurances will we get that our suggestions will be considered in the final budget? The last straw was the SVT submission. The opposition simply doesn’t trust Rabuka any more” (*FT*, 6 Nov 1995). Rabuka subsequently denied that he ever intended to brief the opposition on the budget.

The other controversy overshadowing the budget was the fate of the gov-

ernment-owned National Bank of Fiji. In a year that saw a number of financial scandals engulf government bodies, the National Bank of Fiji disaster was by far the most spectacular. It had first come to light in June, when Finance Minister Berenado Vunibobo informed cabinet that the bank was “technically insolvent,” with bad or doubtful loans of between F\$90 and \$120 million (20–30 percent of its total loan portfolio). These findings were presented in the Aidney-Dickson audit report commissioned by the finance minister. Another report was prepared for the government by the World Bank.

In an effort to preempt media publicity, the government went public with the bank’s problems and also announced a plan of action to rehabilitate it. The government committed “full financial support” to the bank, announced the appointment of a new board chairman (the general manager of the Fiji National Provident Fund), and measures to restructure and streamline operations. A new expatriate team would also be appointed to manage the bank.

While the financial scale of the disaster was itself a severe jolt to the country, the political repercussions dominated. Questions about the role (and propriety) of government ministers were soon being asked by both the media and opposition parties. Why had the government turned a blind eye to the bank’s problem, which had become evident as early as 1991? To what extent was the government responsible for the mess? It was apparent that the bank had pursued a reckless lending policy since the late 1980s,

and that this had resulted in part from political interference. Management's inexperience or greed were also largely to blame. Some bank staff had accumulated enormous personal debts, while the island of Rotuma (the home of National Bank of Fiji General Manager Visanti Makrava, whom Rabuka had appointed in 1987), amassed an extraordinary loan-to-deposit ratio of 3000 percent in 1994. Makrava was relieved of his position at the end of June. However, he remained unapologetic, if not defiant, claiming he had only done his job, which was to help Fijians and Rotumans. At the end of July, parliament passed a motion calling for a Reserve Bank of Fiji investigation into the National Bank of Fiji's affairs, after amending a motion, put forward by opposition parliamentarians, that called for a public inquiry.

The political fallout from the National Bank of Fiji disaster continued to grow. In November, just before the budget was due to be handed down, the monthly *Review* magazine published excerpts from the Aidney-Dickson report, revealing for the first time the individuals and companies that were the bank's major debtors. As expected, these included politicians and others well connected to the government. The government's response was to turn on the media. There were calls from senior ministers to introduce media licensing and to invoke the Official Secrets Act. During the budget debate in parliament, the prime minister accused the media of stirring up "hysteria" in order to bring down the government. He expressed full confidence that members of his government were servicing their loans with the

bank and that "their accounts are functioning" (*FT*, 17 Nov 1995). The opposition, meanwhile, focused on the proposed \$20 million allocation to the National Bank of Fiji included in the 1996 budget. It argued that this was clearly not adequate for the task of bailing out the bank, and questioned how much more money would need to be found in the future.

It is clear that the aftermath of the National Bank of Fiji scandal will continue to be felt in 1996. Politically, it is expected that a cabinet reshuffle early in the new year will see at least one senior minister lose his post as a consequence of his role in the saga. Economically, tighter bank lending policies, already put in place as a result of the troubles of the National bank of Fiji, are likely to dampen demand and lead to a contraction in the already sluggish economy.

Whether or not there are more damaging effects on the government and Rabuka's leadership remains to be seen. In 1995 Rabuka's political fortunes seemed to swing wildly, from being perceived to be finally acting as a strong prime minister, to being labeled "Mr Crisis." His erratic behavior was demonstrated in late July when he asked for the resignations of three cabinet ministers who had voted against a government amendment to an opposition-sponsored resolution in the House condemning the resumption of French nuclear testing. The government amendment, on what should have been a noncontroversial issue, was defeated, and Rabuka appeared intent on exacting retribution from within government ranks. The issue quickly escalated into a major crisis, both

within the SVT and between the SVT and the General Voters Party, whose leader Leo Smith was one of the cabinet ministers to lose his job. There were rumblings of discontent within the SVT at Rabuka's actions and rumors of a challenge, but these did not eventuate. The split between the SVT and the General Voters Party, however, did transpire, at least temporarily. The General Voters Party executive announced it could no longer work with the SVT while Rabuka was leader. But the party had to contend with divisions within its own ranks as two of its parliamentarians defied the party line and accepted cabinet positions.

The withdrawal of General Voters Party support for the coalition had potentially serious implications for the government's majority in parliament. It led to renewed efforts by the SVT to discuss a possible coalition with the Fijian Association Party. To seal a coalition, there was speculation that Fijian Association Party parliamentary leader Ratu Finau Mara would be offered the post of deputy prime minister. A negotiating team led by Ratu Finau was set up to engage in dialogue with the SVT, but there were clearly mixed opinions within the Fijian Association Party about the prospects for, or indeed wisdom of, a coalition. Party leader Josefata Kamikamica and party chair Adi Kuini Speed were the most skeptical.

The government's parliamentary majority was made more tenuous with the forced resignation from parliament of its Tailevu member and Fijian Affairs Minister Adi Samanunu Talakuli in the middle of the year. This followed a court challenge initiated by the Fijian Association Party that at the

time of her election in 1994 she was not a Fijian citizen. Because she held a British passport, she was not eligible for election. Adi Samanunu was subsequently barred from standing in a by-election to fill the Tailevu seat after a high court ruling that she was not entitled under the terms of the 1990 constitution to become a full Fiji citizen until mid-1996. The de facto SVT candidate, Ratu Manasa Seniloli, won the seat in the August by-election. This was the third consecutive defeat for the hapless Kamikamica. But Ratu Manasa's election was later declared null and void after it was established that, at the time of the election, Ratu Manasa was still a public servant. In his ruling on the case, Chief Justice Sir Timoci Tuivaga laid most blame for the debacle on senior public servants and electoral officials who, he suggested, had appeared "partisan and partial" in carrying out their duties. The Fijian people of Tailevu will go to the polls yet again in early 1996, with both Ratu Manasa (this time as the official SVT candidate) and Kamikamica again the main contenders. The prospect of another campaign will, for the time being, keep coalition talks between the two parties on the back burner. In the meantime, the SVT and General Voters Party managed to put aside their differences and put the coalition back in place.

By the end of 1995 Rabuka's position as leader seemed as secure as it could be. No clear challenger had emerged, and certainly no other member of his cabinet appears to command the same degree of grassroots Fijian support. Fiji will no doubt have to live with this reality and to expect more of

the same mix of promise and missed opportunities in the coming year.

SANDRA TARTE

References

FT, *Fiji Times*. Daily. Suva.

TR, *The Review*. Monthly. Suva.

NEW CALEDONIA

The 1995 elections in New Caledonia were regarded by many observers as a preview of the 1998 referendum on independence. Yet rather than resolving the issue of the territory's future, they yielded some ironic twists worthy of this small, multiethnic country's political complexity. In the less confrontational 1990s, when dialogue leading to a "consensual solution" is the slogan of the day, supposedly "unnatural" alliances have emerged in the Loyalty Islands and in the Territorial Congress. It is tempting to suggest that a new center is developing between extreme loyalist and nationalist positions, but it may be premature to say so.

The election season began in April–May with a victory for conservative Jacques Chirac as the new French president. In New Caledonia, Chirac received 74 percent of the ballots cast, based on a 68 percent voter turnout. This result was rather disappointing for Kanak nationalists, who still remember his brutal handling, as premier, of the 1988 incident on Ouvea that led to the deaths of nineteen Kanak militants. Nor did he improve his reputation among radicals when he

announced that France would resume its nuclear testing in French Polynesia. That decision led to calls for solidarity with Tahitian protesters, notably from Louis Kotra Uregei, leader of the Union Syndicaliste des Travailleurs Kanak et Exploités (USTKE). Uregei also called for a boycott of the Pacific Games to be held in Tahiti in August, but to no avail.

In the June municipal elections, 3300 candidates ran in thirty-three communes. Despite some gains by the Front de Libération Nationale Kanak et Socialiste (FLNKS) in the Northern and Island Provinces, the loyalist Rassemblement pour la Calédonie dans la République (RPCR) won 56 percent of the vote in Noumea, the capital, and thereby gained forty of forty-nine seats in the municipal council. The Southern Province is more populous, industrialized, and multiethnic than the other two and has been the stronghold of Jacques Lafleur, the millionaire leader of the RPCR who dominates the local economy through a system of monopolistic patronage. Still, Lafleur's egomania is producing opposition not only among nationalists but also among dissident loyalists.

In an interesting contest in Dumbea, a suburb of Noumea, Wallisian leader Aloisio Sako maneuvered to keep the RPCR out of the local mayor's office. In early 1994 he had left the moderate, Wallisian-dominated Union Océanienne (UO) to form his own party, the Rassemblement Démocratique Océanienne (RDO), which openly supports Kanak independence. Because Sako was a Noumea police chief, the French interior minister had him suspended for a year for "lack of reserve," but in

June 1995, Sako led a pro-independence list backed by the RDO, the FLNKS, and the USTKE. He said it was symbolic that an “oceanian” led the list: “We need to rally around the Kanak people. It’s an invitation to other colors to work together.” Migrants from resource-poor Wallis and Futuna now comprise about nine percent of New Caledonia’s population and thus represent an important bloc that has been courted by both loyalists and nationalists.

Pursuing a strategy of local autonomy, Sako sought to make Dumbea less dependent on RPCR-ruled Noumea by proposing the creation of a market for produce, a health clinic and pharmacy, a fire department, a retirement home, a youth center that would offer social activities and evening classes, and a housing and employment office. Sako’s list failed to win a seat in the first round, but in the run-off election for mayor, he threw his support behind the incumbent—who he said had done much for “the little people”—and thereby kept a candidate with RPCR ties from winning. “If others take up our program,” Sako reflected, “we’ll have succeeded.” In preparation for the July provincial elections, Sako allied himself with the FLNKS.

In other developments preparatory to the provincial elections, Wallisian leader Sosefo Polelei formed a new party, Objectif Pacifik Avenir (OPA), to give voice to the seven thousand squatters in N’Du. Polelei eloquently called for an end to the “racist exclusion” that condemned his followers to living in kerosene-lit shacks on the fringes of Noumea: “The elected have lost a sense of reality.” He asked for afford-

able housing, better job opportunities, and food for families. Mikaele Hema of the UO, which had held two seats in the Territorial Congress since 1989, also called for a more equitable distribution of New Caledonia’s prosperity to avert “a social crisis.” Despite Wallisian support for loyalists in the 1980s, Caldoches (French settlers) still do not accept the underskilled Polynesian immigrants as equals. Yet Hema was reluctant to take a stand on independence, as Sako had, and because many Wallisians still voted RPCR in order to protect their right to live and work in New Caledonia, the UO’s constituency was dwindling. Neither the UO nor OPA would win a seat in the Southern Province.

Meanwhile, the Parti de Libération Kanak (Palika), the second-largest member of the FLNKS, became dissatisfied with the increasingly moderate stance of the Union Calédonienne (UC), Jean-Marie Tjibaou’s old party. Palika broke from the FLNKS to present its own lists under the banner of a Union Nationale pour l’Indépendance (UNI). Many Kanak militants feared that the FLNKS leadership, in power in two provinces since the 1988 Matignon Accord (which provided French aid money for economic development in the North and Islands), was becoming too accustomed to wealth and status. On the Loyalty Island of Mare, Nidoish Naisseline of Kanaky Avenir continued to demand independence but was also critical of UC financial mismanagement and of its willingness to transfer power to a Kanak elite without preparing the people for greater self-determination. On Lifou, Cono Hamu defected from the UC-led FLNKS

after disputes between the party and local chiefs. Together, Hamu and Naisseline threatened the UC's narrow 4-3 majority in the Islands Province. The RPCR also suffered defections in opposition to Lafleur: Robert Frouin in the North, and Didier Leroux in the South. Leroux accused Lafleur of manipulating Caldoche concerns over Kanak independence for his own selfish gain. Dick Ukeiwe, a long-time Kanak loyalist from the Islands, backed Leroux, urging people to "stop voting with fear in their bellies."

At first, the July election results appeared to weaken the nationalist cause and supply Lafleur with a mandate for negotiating the "thirty-year pact" on the territory's future that he had been demanding. Palika's defection weakened the FLNKS in the South, where it lost a seat, and in the North, Palika won 5 seats, thanks to Paul Neaoutyine's power base in Poindimie, where he is mayor. Rock Wamytan, leader of the Southern FLNKS, called Palika's rivalry with the UC "suicidal," though he later took heart from Sako's support and interpreted it as progress in the spread of independence sentiments among non-Kanak. In the Islands, Hamu took away one seat from the UC, thus ending the FLNKS majority in that province. The rump FLNKS retained only 12 total seats in the Congress, a decrease of 7 from the 1989 results and far short of the 28 needed for a majority. In the Islands, Hamu and Naisseline stunned the FLNKS by allying with the two RPCR delegates to take control. Naisseline was soon elected president of the Islands Province, 4-3, despite an attempt by Richard Kaloi's UC incum-

bents to lock the new coalition out of the government offices.

Yet this apparent anti-FLNKS success story soon unraveled. The RPCR won 18 seats in Congress in the South and 2 each in the North and Islands, for a total of 22, six short of a majority. It could count on two delegates from the extreme rightist National Front, and perhaps two from another small pro-French party led by Claude Sarran. But Leroux's Une Nouvelle-Calédonie pour Tous (UNCPT) won a surprising 7 seats in the South by attacking Lafleur's "dictatorial" ambitions, and Frouin's anti-RPCR Développer Ensemble pour Construire L'Avenir (DECA) won 2 seats in the North. When the Congress met to choose its nine-member executive bureau, known as the Consultative Committee, Lafleur found himself bypassed and forced into a possible opposition role by cooperation between nationalists and dissident loyalists. The Congress elected Pierre Frogier of the RPCR as president, but the only other RPCR delegate elected to the Consultative Committee was Simon Loueckhote, a Kanak loyalist from the Islands. The UC-led FLNKS won three positions (ranked as vice presidencies), led by Kaloi and Wamytan, and Palika-UNI got one, while Denis Millard of Leroux's UNCPT, Frouin, and Sarran each received one.

Lafleur raged, "There is a majority, and it's ours." He threatened to remove Frogier from the presidency, accused the FLNKS of forsaking the Matignon Accord, and called Leroux's cooperation with the FLNKS "unnatural." Leroux explained his support for Kaloi as first vice president by arguing

that in a true democracy, the second-largest party (UC) should be well represented. Even Neaoutyine of Palika, who never liked Lafleur, called Leroux “open to dialogue.” Lafleur declared a “blockage” in the Congress’s ability to function and insisted on having a place for himself in any executive discussions. Meanwhile, Paris replaced High Commissioner Didier Cultiaux with Dominique Bur, who attempted to mediate in the institutional crisis, as did French Minister for Overseas Territories Jean-Jacques de Peretti during a one-week visit. The new Congress finally began its first session in early September with a delicate FLNKS-UNI-UNCPT-DECA entente working to forge a “consensual solution” that could marginalize Lafleur’s rump RPCR.

Kaloi replaced Frogier as president of the Consultative Committee, and together the FLNKS and UNCPT won control of more committees than did the RPCR. Sako, whose party had achieved legitimacy by receiving a seat in Congress, observed that the RPCR had not extended its hand to others when it had a majority, and new political forces were emerging. The FLNKS declined Sako’s request for the RDO to “enter the house” as a full member but invited it to continue as an ally. In October, the major parties sent delegations to Paris to discuss the last phase of the Matignon Accord leading up to 1998. Lafleur became conciliatory, speaking of “emancipation,” whereby France would devolve all powers except defense, foreign affairs, and public order to the territory. But Palika asked for independence in 2001 (and local control over the nickel industry), while Leopold Jorédié of the Northern

FLNKS suggested 2018. In December, Wamytan replaced Neaoutyine as president of the FLNKS and raised the ante by demanding complete independence in 1998.

DAVID A CHAPPELL

PAPUA NEW GUINEA

In his address marking the twentieth anniversary of independence, Prime Minister Sir Julius Chan noted how far the nation had come since Australia handed over power on 16 September 1975. However, this was a generally somber speech, full of negative references to two decades of pain and sweat, unmet challenges, wrong turns, and unrealized potential. He said the current situation was “by no means . . . unsalvageable, [but] it would be grossly foolish to say that all is well with our society, our economy and particularly with some of our attitudes” (*PC*, 15 Sept 1995, 11). The country’s first prime minister, Sir Michael Somare, was more blunt, stating that the nation was in ruins and the people “worse off than they were at the time of independence” (*IB*, Oct 1995, 33).

Some major reforms designed to set Papua New Guinea on a new development course were already in place by the time Chan spoke to the nation in September. In a pattern familiar from other parts of the third world, several of these “structural adjustments” were imposed by international development agencies and aid donors as conditions for emergency loan finance.

Stabilizing the economy was a major preoccupation of the Chan-

Haiveta government after it came into office in late August 1994, with Deputy Prime Minister and Minister for Finance Chris Haiveta citing evidence of “entrenched” economic mismanagement. “From January through to August 1994,” he claimed, “Papua New Guinea was on a mad slide down to disaster” (*PR*, 21 March 1995, 1–2). Governor of the Bank of Papua New Guinea Koirari Tarata later confirmed that over a two-year period the country had come “to the brink of defaulting on its offshore liabilities on three different occasions” (*PR*, 9 Oct 1995, 1). Remedial measures were in place by the end of 1994, but offshore finance still had to be found to support a rapidly weakening currency and cover a projected balance of payments deficit for 1995.

While the lords of third-world finance, the World Bank and the International Monetary Fund, prepared a rescue package and a long list of conditions, the government desperately sought alternative sources of support. However, Haiveta’s plan to sell off, or mortgage, the state’s interest in large resource projects was vigorously opposed by Mining and Petroleum Minister John Giheno (*PC*, 10 June 1995, 3). There were legal difficulties as well, and by March the government had effectively abandoned its plans to sell equity in mining and oil projects in favor of a scheme to float up to 49 percent of the Mineral Resources Development Company, which manages the state’s interests in such enterprises (*PC*, 28 Feb 1995, 41; 20 March 1995, 5). This could not be accomplished in a hurry, and the float is now scheduled to occur in April 1996 (*PC*,

13 Nov 1995, 17). In the end, Papua New Guinea’s attempt to “rescue itself” appeared to amount to the sale of A\$30 million worth of preference shares in the Ok Tedi mine to joint venture partner Broken Hill Proprietary, although in June there were reports that Taiwan had agreed to provide a loan in return for greater support in its diplomatic war with the People’s Republic of China (*PC*, 1 June 1995, 1; *PR*, 5 June 1995, 1).

Meanwhile the external pressure was building rapidly. In February, the secretary of Australia’s Department of Foreign Affairs and Trade indicated that Papua New Guinea’s attitude to the World Bank’s restructuring package would be a factor in the annual review of the A\$300 million Australian aid program. In April, Chan and Haiveta met with Australian Prime Minister Keating to request an emergency advance on aid funds designed to stem the fall in the value of the kina. Instead, they got a standby loan facility—part of which was withheld pending World Bank approval of Papua New Guinea’s restructuring efforts (*PR*, 24 April 1995, 1; *PC*, 5 May 1995, 1). The country’s high commissioner to Canberra later complained that “Australia has told us we are naughty boys, has hit us on the backside and is leaving us to solve the problem for ourselves” (*PR*, 17 July 1995, 1). In fact, Australia was leaving Papua New Guinea at the tender mercies of the World Bank.

Negotiations with the World Bank began in earnest in May, and focused on a list of twenty-seven issues that the bank insisted be addressed before a rescue package could be approved.

Finance Minister Haiveta pointed out that the bulk of these concerns had already been addressed in his 1995 budget, prepared in close consultation with bank officials. Scrambling to come to grips with the financial crisis just a few months after taking office, Haiveta had chosen to present the budget in two parts. The first part, handed down in November 1994 in the form of a supply bill, effectively set the revenue side of the budget equation for 1995. The other part, dealing with government spending, was addressed in detail in the budget proper handed down in March 1995. This document allowed for a modest increase in government spending during the year, but signaled a sharp reduction in the budget deficit from 2.8 percent of gross domestic product in 1994 to 1 percent, or 858.1 million, in 1995. Equally important for the international financiers was a significant shift away from recurrent spending on wages and other administrative costs toward investments in longer-term capital or development projects.

Structural adjustment, according to Haiveta, “means changing the way Government operates to make it more efficient and responsive to community needs” (*PC*, 14 July 1995, 15). This involved reducing the size of government, and in March he proposed cutting the sixty-thousand-strong public service by 7.5 percent, or 4,500 positions by the end of the year. Arguing that “reckless wage claims cannot be tolerated,” Haiveta announced that public servants’ wages would remain tightly controlled during the year. Government functions were to be rationalized, with the departments of Energy

Development and Communications and Information slated for abolition, and ten other departments targeted for reform. Other state agencies and corporations would be partly privatized or sold off altogether. To boost the flow of resources into capital projects, funding for the Public Investment Program was increased by 51 percent to 8309 million, and that for construction and maintenance by a similar percentage to 8228.7 million. The minister also outlined new measures designed to prevent budgetary allocations earmarked for investment being used instead to finance recurrent expenditures, as had often occurred in the past.

Another essential component of structural adjustment, according to Haiveta, was creating “the right environment to create more jobs and improve . . . living standards” (*PC*, 14 July 1995, 15). In line with the conventional wisdom in the World Bank, this meant deregulating the economy to allow the private sector to do its work according to the logic of global market forces. Through progressive changes in taxation and tariff regimes, domestic industries would gradually be exposed to market forces. Those that were internationally competitive would prosper, while those that were not would go to the wall. In his March budget, Haiveta launched the trade liberalization program by replacing all existing trade bans with tariffs, in most cases to be set initially at 40 percent; announced the phased removal of all price controls; and reduced import duties on a range of food items and building products. In addition, the long-standing investment regime

reserving certain small business activities solely for Papua New Guinea nationals would be phased out over a two-year period.

However, not all of the World Bank's concerns were addressed in the 1995 budget. The government declined, for example, to move quickly to restructure the key agricultural sector, with its complex network of institutions, protective mechanisms, and subsidies. Instead it promised to review the sector and consider phasing out the expensive commodity price support scheme. Haiveta was understandably reluctant to tamper with a system that provides many rural producers, who are also voters, their only reliable source of cash.

The realities of patronage-based electoral and coalition politics also explain the government's reluctance to abolish the controversial Electoral Development Fund, which gives each member of Parliament personal control of an annual "slush fund" of K500,000 for projects in their respective electorates. Government leaders stoutly defended the fund, not only to World Bank officials, but to Chief Ombudsman Simon Pentanu, who noted that guidelines designed to make politicians accountable for these expenditures were routinely and flagrantly violated, and to students, who demonstrated against the scheme outside Parliament in March (*PC*, 22 March 1995, 11; 29 March 1995, 1). The Electoral Development Fund was eventually abolished in the 1996 budget handed down in November 1995. It was replaced by the Rural Action Program, endorsed by the World Bank because it promised more stringent

control and accountability. Predictably, the new scheme encountered fierce opposition in Parliament, with members threatening to block the passage of the budget unless this particular structural reform was modified or reversed (Callick 1996, 35; Waram 1996, 28).

The government's deal with the World Bank was vigorously opposed by nongovernment organizations, community groups, and university students. Rather than solve the country's ailments, argued one university-based organization, the structural adjustment program would "kill the patient" (*PC*, 9 Jan 1995, 14). They were particularly concerned about an initiative designed to facilitate the registration of land held under customary forms of tenure, some 97 percent of all land in Papua New Guinea. This actually had its origins in a 1989 agreement with the World Bank and the Australian government to restructure the Department of Lands and Physical Planning. In late 1994 the government finally turned its attention to the customary land registration aspect of the Land Mobilization Program and hired a local firm, Henano Lawyers, to study the issue and recommend appropriate legislative action. However, in July the consultants' fact-finding tour of highlands provinces had to be abandoned in the face of angry demonstrations in Wabag, and some four thousand students and others marched on Parliament to protest the proposed reform. Unwilling to risk more unrest, Minister for Lands Sir Albert Kipalan put an "indefinite freeze" on the investigation, an action later endorsed by Prime Minister Chan in a full-page news-

paper advertisement (*PC*, 19 July 1995, 1, 2; 4 Aug 1995, 51).

Government leaders also encountered opposition to the structural adjustment deal from a senior colleague. In May, Minister for Commerce and Industry David Mai publicly described as “criminal” the proposed removal of protections for indigenous business activity (*PC*, 31 May 1995, 31). In July, he issued a 15-page media release containing a more comprehensive indictment of the structural reform program. The conditions imposed by the World Bank, he argued, would undermine Papua New Guinea’s sovereignty, have negative economic effects, aggravate existing social problems, and might lead to widespread civil unrest (*PC*, 19 July 1995, 3, 36). Although clearly embarrassed by this very public criticism, and perhaps with the 1997 election campaign in mind, Prime Minister Chan declined to sack his cabinet colleague and political ally. Instead, after delivering a relatively mild public rebuke, he took advantage of a major cabinet reshuffle precipitated by other developments and quietly promoted Mai to the position of minister for Agriculture and Live-stock (*PC*, 20 July 1995, 1; *PR*, 14 Aug 1995, 4).

Well aware that earlier initiatives had quickly fallen by the wayside, World Bank officials tried to ensure that the impressive list of reforms announced in 1995 would actually be implemented. They warned that the loans, totaling some US\$450 million, were conditional on action, and insisted on the formation of a task force, headed by former Secretary of

Finance Morea Vele, to implement the structural adjustment program agreed to in May (*PR*, 12 May 1995, 4). By the end of the year, however, seasoned commentator John Millett could detect little progress on the layoff of public servants announced some nine months before, even though a further 2,500 layoffs had just been announced in the 1996 budget (*PC*, 1 Dec 1995, 11).

Other observers were alarmed at developments in the lucrative forestry industry, which the World Bank had insisted be managed carefully. Under pressure from Australia and the bank, the government had endorsed a “code of conduct” on logging and forestry development and agreed to a planned phase-out of raw log exports to encourage local processing activities. Late in the year, however, the government appeared reluctant to renew its contract with a Swiss company hired to monitor industry practices on the ground. Then in October, veteran public servant Jean Kekedo was dismissed as head of the National Forest Authority, ostensibly for not acting fast enough to approve legitimate logging projects and for failing to produce a new forest plan (*PC*, 20 Oct 1995, 2). However, critics wondered whether her dismissal had more to do with her refusal to endorse timber projects of personal interest to powerful politicians (*PC*, 22 Nov 1995, 21).

Ironically, the same lack of institutional capacity, causing persistent calls for administrative reform, may frustrate or prevent the implementation of such reforms. The political commitment to comprehensive structural adjustment is relatively shallow, as indicated by Prime Minister Chan’s

pragmatic “beggars can’t be choosers” response to domestic critics of the program (*PC*, 20 July 1995, 3). Whatever momentum was built up under the crisis conditions of 1994–95 is likely to dissipate rapidly with the onset of better times. With the aid donors and financial institutions back on side, the currency stabilized, commodity prices on the rebound, the state’s investment in the Kutubu oil project beginning to pay dividends, the South-East Gobe oilfield looking promising, and construction finally about to begin at the giant Lihir gold mine, those better times are likely to appear soon. Perhaps more important will be the onset of the 1997 election season, which may get under way as early as mid-1996. Former Prime Minister Rabbie Namaliu identified the “distraction” of the 1992 election campaign as a contributing factor in the demise of his government’s reform program (Namaliu 1995, 5–6). Not even the World Bank can force the pace of change, provided political leaders avoid another “mad slide down to disaster,” and the need for a further emergency bail-out.

The Chan-Haiveta government was, however, determined to reform the provincial government system. The Organic Law on Provincial Government and Local-Level Governments pushed through Parliament in June 1995 had its origins in the recommendations of the Bi-partisan Parliamentary Select Committee, chaired by Ben Micah, which presented its final report in August 1993. In July 1994 the resulting legislation, which had passed its first reading in Parliament earlier that year, was revised and redrafted,

largely in response to the almost universal opposition of provincial leaders. Early in 1995, recently elected Prime Minister Chan made it clear that this new version was nonnegotiable, and in March 1995 the redrafted Organic Law easily passed its second reading in Parliament. However, as the date for the third and final reading approached, it was apparent that a significant number of members of Parliament were having second thoughts (May 1995, 12–14).

As expected, the minister for Communications and architect of the existing system of provincial government, John Momis, actively opposed the reforms, predicting they would “cause far more problems than they would solve” (*PC*, 4 April 1995, 11). Perhaps influenced by the intense lobbying efforts of provincial leaders, other members of Parliament expressed concern about errors, omissions, and inconsistencies in the legislation, and wanted more time to consider the political implications of such a major change. Matters came to a head in June, when the second largest party in the coalition, Pangu, announced that its members would not vote for the legislation in its present form. There were also indications that opposition leader Paias Wingti was unwilling to follow through on an earlier agreement to deliver bipartisan support for the legislation (*PC*, 19 June 1995, 1). A determined Chan used all of his political skills to persuade both parties to vote for the existing bill and introduce amending legislation later (*PC*, 23 June 1995, 1). This maneuvering was not without cost, and of the fifteen members who finally voted against the

legislation or abstained, seven were government supporters who had helped Chan become prime minister in 1994. Five of the dissenters were cabinet ministers (the other two were vice ministers)—all of whom were fired from cabinet the following week (*PC*, 13 July 1995, 3; 14 July 1995, 1).

Chan said this was probably the greatest moment in his political career, and described the reform itself as the most crucial achievement for Papua New Guinea since independence (*PC*, 28 June 1995, 1). His enthusiasm, shared by most of his parliamentary colleagues, was understandable, because, according to political scientist Bill Standish, the Micah reforms represent “essentially a grab for power by national MPs and ministers” (*PR*, 8 May 1995, 2). The legislation replaces existing elected provincial bodies with assemblies consisting of nominated representatives of local-level government, customary leaders, women, and community groups. All national members from the provinces are automatically members of the assembly. The member representing the province-wide electorate becomes the governor of the province, heading the provincial government and chairing its assembly. Undoubtedly the greatest losers under the new system are the provincial politicians, who must now compete for election to the national parliament in 1997 or turn their attention to local-level government (May 1995, 14–15).

The new system ties the provinces much more tightly into a centralized political and administrative system, and gives the local members of Parliament, and particularly the governor, enormous power over the additional

resources that will flow out from Port Moresby. Advocates claim that the new system will decentralize power further than before, and point to provisions in the legislation designed to enhance the status and resources of local-level governments. However, as Standish pointed out, “the problem is that local-level governments do not exist in most of the country,” and will have to be created before the 1997 elections, when they are supposed to assume their considerable responsibilities (*PR*, 8 May 1995, 2).

Although the promised legislative amendments never materialized, the implementation phase of the reform was well under way by the end of the year. By August, all the interim provincial assemblies and interim governors, including former Prime Minister Paias Wingti, and former Speaker Bill Skate, had been installed. The 1996 budget honored the provisions of the new Organic Law by earmarking an additional K200 million for the provinces, most of which came from cutting appropriations to national departments and agencies and foreshadowed an even bigger diversion of resources in 1997. This was a reminder that full implementation of the reforms will require a massive transfer of resources, personnel, and programs from government departments in Waigani to the provinces. Minister for Finance Haiveta was not exaggerating when he claimed that the reforms represented “the greatest challenge for fiscal policy since independence” (*PC*, 23 Nov 1995, 4).

Significant developments took place in Bougainville in 1995, although a permanent resolution of the seven-

year-old secessionist crisis was still not in sight by the end of the year. After the rebel leadership declined to participate in the Arawa peace conference in October 1994, Prime Minister Chan turned his attention to those leaders who were prepared to negotiate with him, particularly reformed Bougainville Revolutionary Army (BRA) legal adviser Theodore Miriung. In the early part of 1995, Chan and Miriung held a series of meetings to hammer out the details of the Bougainville Transitional Government, the centerpiece of the Mirigini Charter they had signed the previous November. When the members of the new government were duly sworn in on 10 April, Chan hailed the birth of a new Bougainville, one that promised a return to peace and normalcy. He emphasized that this was a transitional government, a vehicle to achieve “the next and final step—a permanent and suitable provincial system crafted and designed for Bougainvilleans by Bougainvilleans” (*PC*, 11 April 1995, 12).

The major problem for Chan and Miriung was that the BRA leadership were committed to derailing the new government. At Miriung’s urging, Chan announced an “open door” policy regarding BRA participation in the transitional government, and chiefs in central Bougainville invited Francis Ona, Sam Kauona, and Joseph Kabui to be their nominees in the assembly (*PC*, 1 March 1995, 1; 3 March 1995, 2). But the BRA’s top leaders rejected these overtures out of hand, with Kabui describing the transitional government as a “fence” set up to lure Bougainvilleans away from their struggle for independence. What the people

wanted, he said, was not peace and normalcy, but peace and freedom (*PC*, 4 April 1995, 3). The Bougainville Revolutionary Army also responded negatively to the Waigani Communiqué signed by Chan and Miriung on 18 May, which, among other things, canceled bounties offered for the capture of rebel leaders and offered amnesty “to various members of illegal and criminal forces, groups and individuals” (*PC*, 22 May 1995, 5, 50). Meanwhile, BRA armed raids continued, including one that killed a passenger on a civilian plane taking off from an airfield near Buin in February (*PC*, 22 Feb 1995, 1). Rebel activity increased significantly in July and August, resulting in the deaths of at least nine members of the security and resistance forces and the burning of government buildings in northwest Bougainville (*PC*, 28 Aug 1995, 1).

In line with his new policy of letting Bougainvilleans solve their own problems, and determined to close what he called “the saddest chapter of our short history as a nation,” Chan reluctantly endorsed a meeting in Australia between leaders of the transitional government and representatives of the outlawed Bougainville Interim Government (*PC*, 31 Aug 1995, 3). These exploratory talks, which took place at a resort town near Cairns in early September, were hailed as a “historical breakthrough” by Martin Miriori who represented the secessionists, along with Mike Forster, Moses Havini, and David Onavui (*PC*, 11 Sept 1995, 1; 13 Sept 1995, 2). The delegates agreed in principle to continue the dialogue.

After some disagreements over “ground rules” had been overcome,

the All Bougainville Leaders' Talks took place 14–18 December in Cairns under the joint chairmanship of representatives of the secretary-general of the United Nations and the secretary-general of the British Commonwealth. Each side was represented by a thirteen-member delegation, which on the rebel side included top BRA commanders Sam Kauona and Ishmael Toroama, as well as the head of the Bougainville Interim Government, Joseph Kabui. All four of Bougainville's national members of Parliament also attended. The meeting was significant because it brought together the top leadership of the island's opposing factions for the first time, and the Joint Communiqué outlined an agenda for a new round of talks to be held in Bougainville in March or April 1996. The leaders undertook to work toward "early agreement" on issues such as cessation of violence, confidence building, human rights, renewal, and socioeconomic development, so that negotiations with the Papua New Guinea Government could begin as soon as possible (*PC*, 20 Dec 1995, 5).

The leaders also agreed to discuss Bougainville's future political status, the issue that remains central to the resolution of the crisis. The rebels still appear committed to independence. Describing the leaders' meeting as "a gigantic leap forward" for the generations to come, Joseph Kabui said his mission had been "to tell our brothers and sisters from the PNG-controlled side" that his group stood for nothing less than independence: "The process that has now begun . . . will finally . . . bring us towards realization of that dream. I believe we will realize it some

day, one day" (*PC*, 20 Dec 1995, 5). Prime Minister Chan appeared willing to contemplate autonomy for Bougainville. As he told Parliament in September, "We can push a horse to the pond but we can't force it to drink the water. We can never get them [Bougainvilleans] to be part of this country. At some point we must think about the level of autonomy." However, he effectively ruled out full independence as an option when he said that the proposed level of autonomy must be "within the acceptable parameters of the Constitution and acceptable to Parliament" (Papua New Guinea Parliament 1995, 8).

TERENCE WESLEY-SMITH

References

- Callick, Rowan. 1996. New Year, Old Problems. *Islands Business*, January, 34–37.
- IB*, *Islands Business*. Monthly. Suva.
- May, R. J. 1995. Rewriting Decentralisation in Papua New Guinea. *Pacific Research* 8(3): 12–13.
- Namaliu, Rabbie L. 1995. Politics and Democracy in Papua New Guinea. Address at the Parliamentary Library, Canberra, 29 September.
- Papua New Guinea Parliament. 1995. Extracts from Draft Hansards for 20 and 21 September. Typescript.
- PC*, *Post-Courier*. Daily. Port Moresby.
- PR*, *Pacific Report*. Fortnightly newsletter. Canberra.
- Waram, Ruth. 1996. PNG's Billion-Dollar Budget. *Pacific Islands Monthly*, January, 28–29.

VANUATU

Prime Minister Maxime Carlot Korman successfully maintained his coalition government in office through the year, completing his four-year term. They went to the polls as scheduled in November for Vanuatu's fourth general election since independence.

The prospect of general elections increasingly infected government business with undisguised electioneering, and much of the year's political activity was dominated by preparations for the poll. Although Prime Minister Korman demonstrated that coalition government could be made to work and complete a full term in office, the instability within government and, as the year progressed, within Korman's own ruling Union of Moderate Parties (UMP) itself, became more and more obvious as individuals and parties prepared for the contest. Although often a quiet period in public life, the new year early presented a number of issues and events that continued to reverberate through the year.

On 1 January the government introduced a new 4 percent turnover tax, recommended by an Australian-funded review of government revenues, which led to price rises as businesses passed on the increases to consumers. Public anger at the increase in prices was identified by some UMP members of parliament and party officials as contributing to its failure to win an outright majority in the Luganville Municipal elections held on 31 January. The major anglophone parties, Unity Front (UF) and Father Lini's National United Party (NUP), although each won only four seats compared to

UMP's five, agreed to form a coalition administration. Under the agreement, NUP appointed Marilyn Aranhapat as mayor, the first woman to hold such an office in Vanuatu. Once in office, the new administration moved quickly to sack all council employees and replace them with NUP supporters, a measure later announced to be NUP policy if returned to national government at the general elections. This collaboration between UF and NUP immediately excited speculation that the former anglophone partners might combine to oust the UMP from government at year's end, despite continuing personal animosities between some of the leaders on both sides.

In parallel shadow plays, deputy prime minister and minor coalition party leader Sethy Regenvanu was forced to repudiate public reports that his People's Democratic Party (PDP) would withdraw support from the government over the large-scale sacking of striking public servants. The UMP's Alick Noel, reelected during the month as mayor of Port Vila, later in the year precipitated a serious internal dispute in the party and litigation over endorsement of his candidacy in the national elections.

Divisions and defections were recurrent motifs in Vanuatu's political life as all parties readied themselves for the general elections. Successive party congresses, to adopt policy platforms and confirm party candidates, began as early as January, when sixty members attended PDP's first congress. Three of its four members of parliament were ministers, which underlined how disproportionate representation had become in the coalition's somewhat

shaky retention of power. As if to conform to fragmenting tendencies, the PDP Congress expelled from its ranks a number of its more prominent former Vanua'aku Party and former NUP ministerial colleagues.

As political tensions proliferated, the operations of the media came under increasingly intensive government supervision. In February, Radio Vanuatu was banned from airing an interview with the opposition Unity Front's leader Donald Kalpokas, and Father Gerard Leymang, first secretary to the prime minister, threatened to revoke the residency permit of the editor of Vanuatu's independent weekly, *Trading Post*, if it did not include French-language items in its coverage—a threat made more worrying by expulsion letters issued the previous month to three expatriate businessmen—raising again the latent fear of a revival of arbitrary expulsions.

Pressure on *Trading Post* increased in March, when Finance Minister Willy Jimmy expressed a willingness to reconsider the issue of its business license if it published material attacking the government, or containing inaccurate and misleading information, especially touching the personal and private lives of leading figures. In June, freedom of the press was again at issue and the Vanuatu government warned Radio New Zealand International over its reporting of the resignations of two Australian judges from the Vanuatu judiciary, alleging unprofessional conduct by the country's chief justice. Radio Vanuatu was banned from covering the issue.

Press freedom continued to be an issue of public policy, and in October

the prime minister intervened directly to overturn a deportation order against the editor of *Trading Post*. While publicly reaffirming the importance of freedom of the press, he admonished the media that in the exercise of that freedom they should not damage the social stability of the nation and should understand that small island societies could not accept the same (low) standards prevailing in some international capitals.

The first sitting of parliament, in March, was opened by President Jean-Marie L  y   Lenelcan, who castigated the government's tax changes and resultant price increases, as well as falling expenditure on basic services to the people, particularly health and education, and exhorted members of parliament to spend more time (and more of their discretionary development funds) in their electorates.

The session passed a number of bills, including one to ratify the United Nations Convention on the Elimination of all forms of Discrimination against Women, for the registration of freehold title under the Land Leases Act, and a bill to create a Chamber of Commerce, with six regional offices, to promote foreign investment and the development of ni-Vanuatu private enterprise.

With the Beijing International Women's Conference on the horizon, the Melanesian Women's Caucus met in late April to draft a Pacific Platform for the conference. Minister for Justice, Culture and Women's Affairs and Deputy Prime Minister Regenvanu, having led the Vanuatu delegation to the Beijing Conference, followed up on return by establishing a steering com-

mittee to examine Beijing's Global Plan of Action, work out a common plan of action for the advancement of women, set priorities for a ten-year plan 1996–2005, and submit a report by the end of November.

Sustained perhaps by the momentum of these events focusing on the status and role of women, and disgruntled with their party's failure to nominate any women candidates for the general election, six prominent women announced in October their intention to run under the banner of "Women in Politics." The decision to run in spite of Vanua'aku Party remonstrations led prominent VP stalwart and leading women's activist Grace Mera Molisa to resign from the party, saying there would never be a right time for women in Vanuatu.

Despite pressure from international logging interests, there was some progress toward a better-regulated system for the development of the sensitive forestry sector. A weak bureaucracy and the temptation, in an election year, to reap benefits from the issue of licenses resulted in permits to harvest well beyond sustainable yields. Confusion over permits, involving competing claims by logging companies and disputes among local landowners, and restricted by an export ban on round logs, combined, however, to restrict extraction to rates well below those granted under licenses.

The commencement of a major aid-funded forestry project to monitor the industry and develop plans for a sustainable forestry sector, complementing an earlier forest inventory project, began to boost government efforts to

prevent uncontrolled extraction. Local landowners themselves also showed a will to resist unauthorized or unacceptable logging practices, and on Santo took direct action against Malaysia's Santo Veneers Company by burning a bulldozer.

At the national level, a national code of logging practice was worked out and adopted, incorporating core elements of the regional code of practice being developed through the South Pacific Forum. In April, 3000 hectares of ancient kauri and other species unique to Vanuatu, Fiji, and the Santa Cruz Islands, were set aside in a reserve through a lease agreement reached between the Department of Forestry and traditional landowners on Erromango. The agreement is for compensation to be paid to landowners for not logging.

France's decision to resume nuclear testing in French Polynesia severely tested Prime Minister Carlot Korman's solidarity with other regional governments in condemnation of the test series, as well as his support for France and its role and interests in the Pacific. His reaction to the first test, and the wave of protest it occasioned throughout the island countries, was to defend France's sovereign decision and to add that other states had no right to interfere so long as their own environments were not affected. However, Vanuatu joined the regional action committee and attended the meeting of South Pacific environment ministers to consider regional reactions to the test series. Vanuatu also ultimately went along with the statement issued by Australian Prime Minister Paul Keating, in his capacity as chairman of the

South Pacific Forum, deploring French actions and contempt for Pacific opinion, an action that UMP President Serge Vohor indicated was not in line with party policy.

In August, Vanuatu hosted the meeting of the Melanesian Spearhead Group, which issued the Lakatoro Declaration proposing "Oceania Cooperation for Denuclearisation in the Southwest Pacific," and calling for dialogue with France on progress toward denuclearization. Australia and New Zealand were left out of the proposed grouping, perhaps as a veiled rebuke for being too active and strident in condemnation of French testing. Vanuatu also announced a decision to sign the South Pacific Nuclear Free Zone Treaty at the Madang Forum meeting in August, and acceded to the Nuclear Proliferation Treaty. A month later it submitted its application to join the World Trade Organization.

In what would persist as an intensifying struggle for power in the ruling Union of Moderate Parties as the date for elections approached, the prime minister in April sacked a number of political secretaries, including his nephew Alfred Carlot, who had publicly challenged the automatic endorsement of some sitting members of parliament, arguing that they were too old for office and had become corrupt. This challenge to the older politicians on behalf of a group of younger aspirants for power was echoed by UMP President Vohor on a number of occasions during the months of wrangling needed to settle the UMP candidate list for the general elections. At its congress in May, Vohor supported the

challenge to some preselections and condemned the government as without principle and "headed for dictatorship," remarks directed at Prime Minister Korman.

In the same month, the Vanua'aku Party, Melanesian Progressive Party (MPP), Tan Union (TU), and a splinter Nagriamel party (Nakato Stevens), agreed to coordinate their electoral slates and stand candidates under the single banner of Unity Front, one that had united them as the parliamentary opposition.

In July, the UMP Port Vila subcommittee confirmed the candidacies of Carlot Korman, Finance Minister Willy Jimmy, and Kepu Manwo, and declared that there would be no independent UMP candidates at the elections, a decision that foreshadowed the expulsion of the young pretenders from the Union of Moderate Parties in September. Subsequently, they formed an Independent Front, led by Patrick Crowby, which not only would compete for UMP votes but began to campaign actively against their former party. At the UMP Congress on Epi in September, which endorsed 32 candidates, inclusive of Nagriamel and Fren Melanesie Party, Vohor was reported to have commanded sufficient numbers to exclude both Carlot Korman and Willy Jimmy, and a deal had to be put together to allow their inclusion in the final list.

In October, the findings of the Electoral Disputes Committee appointed by the chief justice upheld complaints of voting irregularities in the provincial elections in Sanma and Tafea and declared them null and void. At the end of the month, the Union of Moder-

ate Parties' continued divisions over endorsement of candidates for the elections were adjudicated by the Supreme Court, following the submission to the Electoral Commission of differing name-lists by both the executive of the party and the prime minister. The court found in favor of a list approved by the earlier UMP Congress in September, which had the effect of excluding high-profile and popular Port Vila Mayor Alick Noel. He decided to run as an independent, competing directly against Willy Jimmy, whose reputation was impugned on the eve of the election in the first report issued by Vanuatu's newly appointed ombudsman. The report found that both the finance and home affairs ministers had breached the leadership code through irregularities in the licensing of a 24-hour bottleshop, and that Jimmy had failed to disclose a personal business interest in it. The report also regretted that the prime minister, who seemed to have been aware of the problems, had done nothing to discipline his ministers.

The general elections were held on 30 November, with a record number of 170 candidates, 12 political parties, and 19 independents officially contesting the ballot in fifteen constituencies. These numbers confirmed a growing divisiveness in Vanuatu's once stable party-based politics, and seem to promise more temporary alliances of convergent self-interest as the basis for future government in Vanuatu—characteristics common in other parts of Melanesia, but detrimental to policy coherence and good governance.

In the event, and as expected, no

party obtained a majority in its own right, thus entrenching the trend toward coalition government. The former opposition Unity Front won 20 of the 50 seats, outperforming its major rivals, UMP and NUP, both of which lost seats. The most high-profile casualty of the elections was Deputy Prime Minister Sethy Regenvanu, who lost his seat in Malekula after serving in every government since independence. His PDP failed to gain a seat, despite (or perhaps because of) its having been crucial to the longevity of Carlot Korman's tenure in office.

Parliament convened on 18 December to elect a new prime minister and inaugurate a new government, but a boycott of the first sitting by a large number of new members delayed the process until the twenty-first. The interval between the elections and the installation of a new government, however, saw a jumble of improbable alliances and betrayals as parties sought to forge a majority coalition.

The rift in the Union of Moderate Parties was thrown into sharp relief on 4 December, when Vohor, claiming the support of a dozen members of parliament, signed a memorandum of understanding for a coalition with the Unity Front, in which he would be deputy prime minister. Two days later Carlot Korman's faction announced agreement with NUP to allow them to re-establish the coalition entered into in the first UMP-led government in 1991. Over the ensuing days, changes were constantly rung on these combinations as Vohor brokered his numbers between UF, the rump of Korman's UMP, and NUP. Finally, parliament sat and installed Vohor as the new leader

of a UMP-NUP government, in which former long-serving Prime Minister Father Walter Lini agreed to become deputy prime minister and minister for justice, culture and women's affairs. Ironically, his sister, and Vanuatu's only woman MP, Hilda Lini, was denied a cabinet post.

The new coalition, in which UMP members hold seven of twelve cabinet positions, shows a notable shift in regional affiliations toward Vanuatu's northern islands. For many reasons, the coalition seems unlikely to prove stable or cohesive in the longer term, as Vohor and Lini stand at almost

opposite poles in their political and development philosophies and differ profoundly on an issue as fundamental to future government policy as land ownership and land use.

DAVID AMBROSE

References

Vanuatu Weekly. Port Vila.

Trading Post. Port Vila. Weekly.

Pacific Report. Canberra. Fortnightly newsletter.

Radio Australia.