

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

FIJI

The political and economic highlights in Fiji in 2002 have again brought into sharp focus a lesson painfully learned after the 1987 military coups: it takes years to recover from the negative ramifications of any national political upheaval. The economic and sociopolitical fallout of the May 2000 civilian coup in Fiji continued to impact major events in both the politico-legal and economic domains of the nation during the year. The path to economic recovery and sociopolitical normalcy was generally shaky and fraught with difficulties. The local tabloids regularly featured major scams within the civil service, exacerbated by gross fiscal mismanagement by the state and a general lack of political goodwill between the major political parties—the ruling Soqosoqo Duavata ni Lewenivanua (SDL) and the opposition Fiji Labour Party (FLP).

In an editorial comment on 19 May 2002, the *Fiji Times* noted a predictable trend of court decisions followed by appeals, “scams of ludicrous proportions,” and botched investigations into corruption cases since the 2000 coup. The editorial also questioned whether all Fiji citizens were equal before the law, arguing that the law was increasingly being regarded as an “optional extra for those who want to use it.” Following the May 2000 upheaval, the editors observed, “the law has been subverted, under-

mined, circumvented and ignored by the highest in the land including those who were sworn in to uphold it” (*Times*, 19 May, 10). During the final months of 2002, the Fiji Labour Party and some quasi-political civil society movements like the Citizens Constitutional Forum (CCF) questioned why some members of Parliament had been permitted to continue serving in Prime Minister Qarase’s cabinet despite videotaped evidence of their close involvement in the May 2000 civilian uprising. The extensive video footage of siege activities at the Veiuto Parliamentary Complex emerged during the first treason trial of Josefa Nata and Timoci Silatolu, which commenced on 26 November and featured deposed Prime Minister Mahendra Chaudhry as a key state witness (*Post*, 27 Nov, 2; *Times*, 29 Nov, 1). Following the 14 November conviction of fifteen former Counter Revolutionary Warfare Unit soldiers who had been found guilty of the November 2000 mutiny charges, CCF Director Reverend Akuila Yabaki called for the prosecution of “all others,” including some chiefs and prominent civil servants who were behind the May 2000 takeover (*Post*, 7 Nov, 3). Police investigations into the civilian coup remained sluggish despite repeated calls throughout the year for a speedier roundup of all those involved. A progress report issued in September claimed that checks were being drawn on the bank accounts of those allegedly paid to execute the overthrow (*Times*, 28 Sept, 4). However,

the year ended without any apparent progress in police investigations into the traumatic events of May 2000.

Not all major developments that transpired during 2002 were negative. There were some positive developments in terms of Fiji's inter-regional and international relations as well as local economic recovery. For instance, Fiji's relations with Australia, New Zealand, and the member countries of the African, Caribbean and Pacific (ACP) Summit, as well as with the European Union, greatly improved after Fiji hosted the third ACP Summit in July, the Pacific Islands Forum meeting that commenced in Suva on 15 August, and a subsequent Conference for Pacific Islands Trade Ministers. Signs of improved relations between Fiji and Australia and New Zealand could be gleaned from the opening up of dialogues between Prime Ministers Qarase, Helen Clark, and John Howard during the Pacific Islands Forum in August (*Times*, 16–19 July; 16 Aug, 1). Relations between Fiji and these two nations had tended to sour following each coup. After the 1987 military coup, Australia imposed trade sanctions, and New Zealand aid was withdrawn in 1987 and again in May 2000. The restoration of cordial relations with Australia and New Zealand in 2002 represents a significant move towards recovery from the May 2000 crisis. The lifting of sanctions by the European Union through a full restoration of its official development assistance program for Fiji in the final week of January was another encouraging event (*Times*, 29 Jan).

Some positive gains were also made in the economic domain. Figures pro-

vided by the government's Accounts and Finance Annual Report for 2001 recorded a 3.8 percent growth rate for Fiji's economy in that year. This increase was attributed mainly to expansions in the clothing, footwear, and food industries. With the Reserve Bank of Fiji (RBF) predicting a growth rate of 4.4 percent in 2002, economic recovery, albeit at a sluggish rate, has begun (*Times*, 8 June, 5; 9 Dec, 2; *PM*, June 2002, 22). According to figures provided by the Fiji Bureau of Statistics, the building industry recorded no major decline in 2002, as it generally remained constant in the first quarter and recorded a slight growth during the second quarter. Moreover, a boom in the industry is expected next year, if and when major building projects in the pipeline are carried out, such as the proposed multimillion dollar Hilton Denarau project, the Air Pacific hotel, and the twenty-story Motibhai/Colonial complex in Suva (*Times*, 5 Oct, 3; 14 Nov, 8; *Review*, Dec 2002, 17). Fiji's ratio of investment to gross domestic product (GDP) rose to 10 percent, a slight increase from the 2001 figure. However, this ratio is still well below the 20 to 25 percent levels of other developing countries. Furthermore, at the Fiji Update 2002 conference, jointly convened by the Centres for Development Studies of the Australian National University and the University of the South Pacific in June, the former RBF governor, Savenaca Siwatibau, stressed that the investment to GDP ratio needed to be 20 percent for the nation to achieve a sustainable growth rate of 4 to 5 percent in the medium term (*PM*, June 2002, 20; *Times*, 13 June, 1). Notwithstanding the negligible

rates of economic growth achieved in 2001 and 2002, the fact that at least some growth has been achieved promises further progress from 2003 onward, provided the political climate improves and the state exercises prudence in its fiscal management.

In the political arena, persistent bickering imbued with racial overtones between members of the Soqosoqo Duavata ni Leweinua and the Fiji Labour Party within the House of Representatives foreshadowed, and to some extent sabotaged, efforts to foster the post-May 2000 spirit of national reconciliation. For example, the third in a series of Talanoa sessions scheduled for August was called off. Coordinated by Dr Sitiveni Halapua of Hawai'i's East-West Center, the first Talanoa session focusing on land issues and the economy had convened in Nadi on 8 June. The second session followed a month later on 8 July and also ended on a positive note (*Times*, 8 June, 5; 9 July, 1). However, the third session was aborted as the SDL and FLP leaders (Laisenia Qarase and Mahendra Chaudhry, respectively) failed to reach agreement on the demands of the latter for detailed consultations on the Native Lands Trust Board (NLTB) proposals on native land leases. Hence, what had started off as a promising avenue for fostering cooperation and goodwill between the two parties ended prematurely due to the reluctance of both leaders to compromise.

Chaudhry had refused to continue with the Talanoa sessions unless the SDL side provided full details of the NLTB proposals on land leases (*Times*, 9 Aug, 1). Chaudhry was also upset at the failure of the SDL side to

apologize for comments by the Minister for Women and Culture, which had been perceived by many as grossly racist. In a late July sitting of Parliament, she compared Indo-Fijians to "wild weeds," just one of the several racially loaded comments made in the House by ethnic Fijian parliamentarians in 2002. A subtly anti-Indian statement by former Education Minister Jioji Banuve on 11 April was also condemned by various student bodies and other civil society organizations (*Times*, 13 April, 3; 15 April, 2). Such tensions within the House of Representatives reflect the inability of the state to reconcile two diametrically opposed political demands: the pro-indigenous resolve for entrenchment of ethnic Fijian political supremacy, and a demand for full restoration of constitutional democracy featuring power sharing between the two major ethnic groups in Fiji.

The year opened with revelations of an alleged plot to kidnap Prime Minister Qarase, his cabinet members, and the Fiji Military Forces commander, Frank Bainimarama, during the first week of January. Police investigations disclosed the involvement of disgruntled former soldiers who had served as peacekeepers in the Middle East in the alleged conspiracy (*Times*, 4 Jan; *Post*, 5 Jan, 1). On 12 April the Fiji Peacekeepers Association (FPA) had filed a \$255 million writ against the state in the High Court on behalf of Fiji soldiers who had served in the Middle East between 1978 and 2002 and claimed nonpayment of allowances. The writ named the Fiji Military Forces, the Minister for Home Affairs, and the government as defendants (*Times*, 13 April, 1). A former

soldier and FPA member was taken in for questioning by the police in the second week of July in connection with the discovery of weapons and an alleged plot to stage a protest during the ACP Summit (*Sun* 12 July, 1). Again, in December, the police arrested a soldier and conducted raids after allegations of another plan by FPA members to disrupt celebrations marking the end of Fiji's participation in the United Nations peacekeeping mission (*Times*, 20 Dec, 1).

Another alleged conspiracy followed closely on the heels of the kidnap plot, this one to kill semi-retired Sitiveni Rabuka, the former Soqosoqo ni Vakavulewa prime minister and leader of the 1987 coup. The plan was revealed in the Suva High Court during a case against a former Middle East peacekeeper (*Times*, 8 Jan, 1). Amidst these concerns, backbencher Mick Beddoes called for an investigation into claims by the FLP leader, Mahendra Chaudhry, that another coup would take place in February 2002 (*Times*, 5 Jan, 3).

These alleged conspiracies were quickly upstaged by a scam involving a Ministry of Agriculture farming assistance program established for the benefit of indigenous Fijians and Rotumans (*Times*, 11 Jan, 6). This was part of a blueprint for affirmative action extensively promoted by Qarase and his SDL team during the 2001 pre-elections campaign. Disclosures of grossly unethical procedures used to implement the scheme led to the suspension of high-ranking Ministry of Agriculture officials and the deployment of the entire Finance Unit of the Ministry of Agriculture to other ministries in mid-January (*Post*,

8 Jan; *Times*, 9 Jan; 11 Jan, 1, 6; 12 Jan; 19 Jan). A report by a special investigation team highlighted unethical practices including the expenditure of \$194,000 on nonfarm implements; the purchase of farm implements at greatly inflated prices from the major supplier, Suncourt Hardware Limited; the restriction of supplier options to only two hardware outlets, Suncourt Hardware and Repina Wholesalers; the nonissue of tenders to the Government Supplies Department, which could have supplied the materials at a much cheaper price; and the failure to obtain three competitive quotations before purchases were made. The largest supplier, Suncourt, netted \$4 million worth of purchases by government local purchase orders (*Post*, 15 Feb, 1; *Times*, 19 Jan). On 11 January, Prime Minister Qarase accepted responsibility for the \$25 million scam but denied that funds had been abused and refused to step down (*Times*, 12 Jan; 19 Jan).

In mid-January, Qarase's re-establishment of the Fiji Intelligence Service (FIS) was questioned by Chaudhry, who had disbanded the unit during his tenure as prime minister. A plan for a new Great Council of Chiefs complex costing around \$2 million was revealed on 25 January (*Times*, 25 Jan, 3). By November the estimated cost had soared to \$22 million, \$10 million of which would be covered by a government grant (*Times*, 12 Nov, 9). In the final week of January, the Fiji Labour Party questioned why the SDL government spent around \$200,000 for renovations to Prime Minister Qarase's home (*Times*, 25 Jan, 1).

A landmark High Court ruling

issued on 8 February declared Krishna Prasad of the Fiji Labour Party the elected member of Parliament for the Nadi Open Constituency. Justice Anthony Gates validated votes that had been nullified in the 2001 elections (*Sun*, 9 Feb, 1). On 15 February, the unseated candidate, Prem Singh, was granted a stay against the High Court ruling to permit him time to file an appeal (*Times*, 16 Feb, 1). Nine months later, the Supreme Court again ruled in favor of Krishna Prasad. SDL members of Parliament boycotted Prasad's swearing-in ceremony on 23 September, indicating an alignment of NFP and SDL party interests against the Fiji Labour Party (*Times*, 24 Sept, 1–2).

The refusal of the Fiji Military Forces to accept Colonel Filipo Tarakinikini's resignation caused controversy in March. Tarakinikini had played a pivotal role as the official army spokesman during the May 2000 crisis, and there were allegations that he had colluded with the perpetrators of the coup. Also in the same month, a former manager with the collapsed National Bank of Fiji and ex-colleague of Qarase at the Fiji Development Bank, Mr Kalivati Bakani, was appointed as the new NLTB general manager (*Times*, 26 March, 1). This appointment may augur a new direction for the custodial body for native lands in Fiji. Former NLTB boss Qarikau had been embroiled in a spate of controversial cases involving nonrenewal of native leases and forced evictions of tenant Indo-Fijian farmers during and following the May 2000 coup. Mr Bakani's appointment was perceived by some as a "house-cleaning" exercise for the Native Lands Trust Board

and by others as "cronyism." More than six hundred leases in the Seaqaqa cane belt were renewed on 4 August (*PM*, July 2002, 27–28; *Review*, Sept 2002, 10).

In March, the state raised more than \$64 million through the public sale of 20.1 million of its shares in the Amalgamated Telecom Holdings. Similar revenue-seeking exercises mooted by the Government during the year included a 12.5 percent increase in the value-added tax (VAT). The Fiji Trade Unions Congress, the National Farmers Union, and various other non-government organizations held rallies in Suva, Lautoka, and Labasa to protest against the proposed tax increases (*Post*, 9 Nov, 3; *Times*, 9 Nov, 1, 3; 12 Nov, 7; 24 Nov, 1, 3; *Post*, 24 Nov, 5). The government defended the proposed VAT increases with a full-page advertisement citing the urgent need to finance its blueprint for affirmative action during 2003 (*Times*, 9 Nov, 3; 23 Nov; 8 Dec, 5; *Review*, Dec 2002, 17). According to Qarase, the 2003 budget constituted a comprehensive and ambitious program of rural development aimed at "bridging the gap between the rural and urban areas" and bringing the livelihoods of rural indigenes up to par with other ethnic groups (*Times*, 8 Dec, 5). Critics charged that this was an attempt by the government to divert attention away from its amassed deficits and debts. The government also imposed a "temporary freeze" on the filling of all civil service vacancies effective from 1 January 2003. Prime Minister Qarase claimed that this would help curb increases in government operating costs (*Times*, 22 Oct, 1). Needless to say, the proposed downsizing of

the civil service could raise levels of unemployment further. Unemployment levels for 2002 ranged from 7 to 12 percent (conservative estimates) or 30 to 35 percent. The job market remained contracted, with an average of only 2,000 new jobs for the usual annual figure of 17,000 school leavers (*PM*, June 2002, 20).

In the first week of October, the auditor general echoed an earlier Asian Development Bank warning on government debt levels when he reported a deficit of \$100 million and an increase in government loans to over \$200 million by the end of 2001. His report also pinpointed serious weaknesses in the cash management systems of the state bureaucracy, and noted that these shortcomings exposed state resources to abuse, fraud, waste, and mismanagement (*Post*, 5 Oct, 1). The opposition's budget reply stressed concern over current and projected government debts to the Fiji National Provident Fund. It pointed out that the current government debt to the fund totaled \$1.5 billion and that if heavy government borrowings continued, there was a strong possibility that debts to the fund could rise to \$2.6 billion by 2005 (Beddoes 2002, 30). Meanwhile, Fiji's foreign deficit increased from \$110.6 million in the second quarter of 2001 to \$171 million in the second quarter of 2002 (*Post*, 7 Nov, 8).

On the political front, a major standoff between the Soqosoqo Duavata ni Lewenivanua and the Fiji Labour Party over the composition of the cabinet took root in April and remained unresolved to the end of the year. The political impasse stemmed from another landmark Supreme Court ruling issued on 24 April

demanding the inclusion of FLP members in the cabinet (*Times*, 25 April, 1). This followed an earlier ruling by a five-member panel of judges in the Court of Appeal that Prime Minister Qarase had breached his constitutional duty by failing to advise President Ratu Josefa Iloilo to appoint FLP members in the cabinet (*Times*, 16 Feb, 1). In the Supreme Court ruling, Justice Anthony Gates ordered the state to pay over \$38,000 as legal fees for the plaintiff, Mahendra Chaudhry. Mr Chaudhry decried this required expenditure by the state as a waste of taxpayers' money (*Times*, 25 April, 1). Five days after the delivery of the High Court ruling, the state filed an appeal (*Times*, 30 April). A full-page advertisement in the *Fiji Times* by the minister for national reconciliation on 3 May outlined reasons why the SDL government had reservations about including FLP members in the cabinet. The paradox in this standoff is illustrated by Qarase's repeated attempts to re-engage the Fiji Labour Party in dialogue on land issues, despite his publicized reservations about including FLP members in his cabinet. On 10 May Qarase told the press that his government would "exhaust all avenues of the law against including Labour in Cabinet because there was too much at stake" (*Times*, 11 May, 1). His own preference was for a multiethnic rather than multiparty cabinet. Until the Supreme Court delivers its verdict on the SDL appeal, the restoration of constitutional democracy in Fiji remains a contentious and potentially volatile issue.

Bills reverting Schedule A and B lands to the Native Lands Trust Board were passed by the Lower House on

12 April and by the Senate on 25 April (*Times*, 15 April, 5; *Sun*, 27 April, 1). Calls for these transfers date back to 1954, and further attempts in 1996, 1999, and 2000 to legislate for the transfer failed for various reasons. The passing of these bills served to further increase the land under indigenous control, already at more than 83 percent of all land, and marked a political milestone in line with government's affirmative action efforts.

Demands from mahogany landowners for increased shares in the harvest profit (among other considerations) gathered momentum in May. Mahogany landowners voiced their resentment after the Great Council of Chiefs (GCC) endorsed a report estimating that the harvested mahogany would earn \$100 million and recommending that 50 percent of the revenue go to the state (*Sun* 10 May, 3; *Times*, 18 May, 2). Out of a total 40,000 hectares of mahogany forests, 18,000 hectares were ready for harvesting in the latter half of 2002. Stakeholders in the industry include the state, the Fiji Hardwood Corporation Limited as the "middleman," the Native Lands Trust Board as trustee for indigenous landowners, as well as the mahogany landowners. The Vanua Mahogany Landowners Association dismissed the GCC position that the state owned the mahogany forests, and continued to pressure the government for an increased share of the profits. By November, close to 97 percent of landowners seemed satisfied with the arrangements, but a group of landowners from the Tailevu province remained disgruntled (*Post*, 14 Nov, 5).

A new political party was launched

in June. The Fiji Democratic Party was formed out of a merger of three parties: the Fijian Association Party, the Soqosoqo Vakavulewa ni Taukei, and the New Labour Unity Party. Its leaders emphasized the urgency of non-racist power sharing to help facilitate the full restoration of constitutional democracy in Fiji (*Times*, 15 July, 7). Trade unionism in Fiji entered a new phase with the August launching of a breakaway umbrella union, the Fiji Islands Council of Trade Unions, by dissenting trade union leaders. Its key objective was to "depoliticize trade unionism in Fiji" (*Times*, 25 Aug, 3).

Negotiations between the state and the Methodist Church over land for the construction of a new Rewa Bridge were finalized in September when the Church finally agreed to sell its land to the government for \$325,000. The European Union had agreed to provide funding for the new bridge linking Suva and Nausori. The Methodist Church had initially demanded \$6 million for its land at Davuilevu (*Sun*, 13 May, 1; *Times*, 28 Sept, 1). The land purchase agreement was welcomed in view of reports in August of a possibility that the European Union could withdraw its funding if settlement was not reached quickly.

The auditor general's report highlighting rampant abuse and mismanagement of funds by the state and within the civil service in 2001 was released in the first week of October. The report found that \$79,000 had been used by the prime minister to publish his speeches in 2001 and that twenty government accounts were overspent over the same period (*Times*, 5–8 Oct). It also revealed that

a total of \$2.7 million had been paid to the Fijian Affairs Board over a period of thirteen years for a non-existent Fijian Court system (*Times*, 5 Oct, 5).

In November, fifteen soldiers were convicted on charges of mutiny in November 2002. Captain Shane Stevens was jailed for life, while the other fourteen soldiers were given custodial sentences ranging from eighteen months to eight years. During the mutiny court-martial, the police had been accused of tampering with evidence for the trial after audiotapes of interrogations, including a taped recording of Shane Steven's interview, went missing (*Times*, 8 Sept, 10; 6 Nov, 4; 15 Nov, 1, 3, 6).

The year closed with a clear and firm resolve by the state to implement its sugar industry restructuring program. The abrupt ending of the Talanoa sessions contributed to the further deterioration of the sugar industry, which, by the end of 2002, sat on the brink of total collapse. The sugar industry has been the mainstay of Fiji's economy for a long time. On average, sugar exports earn close to 40 percent of total domestic export, accounting for 16 percent of the nation's foreign exchange and more than 30 percent of Fiji's gross domestic product. Furthermore, the industry employs approximately 200,000 people (*Times*, 5 Nov, 3; *PM*, Jan 2002, 18; July 2002, 31). Among the factors contributing to its decline were the nonrenewal of expired native leases for tenant cane farmers; the politicization of the National Farmers Union and the Fiji Sugar and General Workers Union; and the lack of progress on efforts to revise the Agricultural Land-

lord and Tenant Act. The proposed sugar industry restructuring package aimed to make the industry more commercially viable but was opposed by the unions. Protests against the rescue plan zeroed in on the proposed reduction of sugar output by 100,000 tonnes or about 25 percent of the usual production level, as well as the planned revision of the sugar export tax structure and the resulting displacement of cane farmers (*Times*, 28 Sept, 5; 29 Sept, 1; 5 Nov, 1; *PM*, July 2002, 31; *Review*, June 2002, 10-17). The problems facing the sugar industry will be difficult to solve unless the land problem and its attendant political issues are settled to the satisfaction of all stakeholders. Furthermore, until relevant changes are made to the Agriculture Landlord and Tenant Act to enhance security of tenure for the predominantly Indo-Fijian cane farmers, efforts to revive the sugar industry may prove futile.

ASINATE MAUSIO

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NEW CALEDONIA

Kanaky New Caledonia is still a work in progress, a multiethnic society seeking “a common destiny,” as proposed by the Noumea Accord of 1998. France, which “took possession” of the territory by unilateral decree almost 150 years ago, continues to play an ambivalent role as peace-maker among the ethnic and political factions that its own policies helped to create. The year 2002 saw lingering tensions over such issues as power sharing in the local government, nickel mining development, relations between immigrants and indigenous Kanak, and the impact of elections at the local, French presidential, and parliamentary levels. Nevertheless, the territory continued to move fitfully toward self-government and expanded its role as an increasingly autonomous entity in the region.

In January 2002, the pro-independence Front de Libération Nationale Kanak et Socialiste (FLNKS) sent to Paris a delegation of nine leaders, headed by Pascal Naouna, to address issues of concern. With French national elections approaching, the FLNKS wanted to remind Premier Lionel Jospin and President Jacques Chirac of a number of items: that the issue of restricting the local electorate to long-term residents was still not resolved; that “collegiality” (consultation in decision-making) in the territorial executive was still lacking, as the loyalist Rassemblement pour la Calédonie dans la République (RPCR) dominated local politics; that immigrants with better diplomas continued to displace locals in the job market, especially with a new nickel boom

underway; that the nickel mining project at Goro by Inco, a Canadian multinational, had still not allocated shares to the territory; that violence over land continued between the Wallisian and Kanak communities in St Louis; and that the special accord between New Caledonia and Wallis and Futuna, proposed by the Noumea Accord, remained unresolved (*NC*, 19 Jan 2002).

RPCR President Jacques Lafleur chose not to attend the annual Noumea Accord follow-up meeting, for “personal reasons,” and dissension showed within the FLNKS party: it had failed to elect a president at its annual congress in December 2001 and had to send a committee to Paris (*PIR*, 23 Jan 2002). But Chirac met with both the FLNKS coalition and an RPCR delegation led by territorial president Pierre Frogier in what was described as a long and friendly discussion. Naouna raised the electorate issue, urging a vote by the French Parliament on the constitutional amendment proposed in 1998, but Frogier said that the issue was not urgent, because it would only affect the vote on the future of the territory in fifteen years. Frogier told the press that since the consensual accord of 1998 New Caledonia has been on the path of economic development and social harmony, and that Chirac clearly loved the territory, having visited it often. For his part, Chirac met with a delegation from Wallis and Futuna and felt that a special accord with New Caledonia was imminent (*NC*, 28 Jan 2002). Most Wallisians in New Caledonia vote loyalist out of economic necessity, and Chirac’s local allies won a majority in the Territorial Assembly

in Wallis and Futuna in a March election (PIR, 13 March 2002). One branch of the Wallisian diaspora, however, the Rassemblement Démocratique Océanien (RDO), is a member of the FLNKS. Its president, Aloisio Sako, vowed, “We want to rally around the Kanak to build the country with them” (PIR, 19 Feb 2002).

In January, French Overseas Secretary Christian Paul promised more economic aid to develop Wallis and Futuna’s infrastructure, investment incentives, and educational system, in order to diminish the flow of migrants to New Caledonia and thus reduce the chances of ethnic conflict with indigenous Kanak (PIR, 25 Jan 2002). By the end of the year, France agreed to invest more than US\$25 million to end Wallis and Futuna’s “isolation” and transform the local economy from a subsistence base to more “extroverted” activity, although the details of that territory’s accord with New Caledonia remained unresolved (PIR, 23 Dec 2002). The Wallisian diaspora, now 20,000 strong (or about 10 percent of the population on Grande Terre), outnumbers its relatives at home, because New Caledonia’s mining economy provides more opportunities for young people with French citizenship. But violence between Wallisians and Kanak in St Louis, near Noumea, has highlighted the problem of continued Polynesian immigration when the indigenous Melanesians are struggling for self-government. More than half of Wallisians in New Caledonia work as manual laborers, like most Kanak, and thus compete directly for jobs. For a majority of the territory’s inhabitants, the violence at St Louis

caused concern that the ethnic conflict would spread and undermine the peace accord signed in 1998 (NC, 12 Mar 2002).

St Louis is a Catholic community founded by Marist missionaries in 1856, three years after French annexation. France granted 10,000 hectares of land to the mission, which welcomed Kanak refugees, but two Kanak chiefdoms contested ownership of the land. In the 1960s, the first wave of Wallisians arrived in Ave Maria, but they observed customary protocol and seem to have lived in general harmony with the Kanak. A second wave of Wallisians arrived in the troubled 1980s, and because they were perceived as loyalist stooges, tensions rose, until December 2001 when young students from both ethnic groups began to fight each other. The conflict escalated as militias were formed, homes were burned, cars were wrecked, and three people were killed and half a dozen wounded by gunfire. French gendarmes tried to separate the factions, while the government treated each incident as a separate crime. Another problem was disunity among local Kanak, who were divided between rival chiefdoms, notably that of Rock Wamytan of the FLNKS and that of Robert Moyatea, who accused Wamytan of being behind gunshots fired at Moyatea’s home in March. At least one young Kanak was killed by rival Kanak, while residents of Mont-Dore organized a defense association to protest the road barricades and lack of security, which were isolating them. Meanwhile, thirty-nine Wallisian families left Ave Maria, and according to a truce negotiated in November, the rest would move out

in 2003 (*NC*, 9 Feb, 8 Nov, 6 Dec 2002; *PIR*, 18 March, 23 April, 11 Nov 2002).

The French elections took place against this backdrop, so reminiscent of the tragic events of the 1980s. The FLNKS urged its voters to support Jospin on 21 April, who sought to displace Chirac as president of France, in order to maintain continuity in the Noumea Accord process, particularly on the issue of the electorate (*PIR*, 25 April 2002). A smaller Kanak party, Libération Kanak Socialiste (LKS), abstained from the election, arguing that the Noumea Accord had failed to limit immigration or to protect, in practice, the role of customary leaders (such as Nidoish Naisseline, LKS leader and high chief on Mare) and affirmative action for locals in hiring (*NC*, 2 April 2002). In a field of sixteen candidates, Jospin, the Socialist premier, was eliminated in the first round, to the surprise of many. Chirac, the Gaullist incumbent, won first place, and Jean-Marie Le Pen of the extreme right National Front (FN) came in second. In the second round runoff on 5 May, Chirac won 80 percent of the vote, giving him another seven years in office. In response to the FLNKS mobilization, Kanak voters in the North and Islands provinces turned out in large numbers to vote for Jospin, but the South, which is more populous, multiethnic, and loyalist, voted mainly for Chirac or Le Pen. On 26 April, one thousand teachers and students marched in Noumea to protest against Le Pen, whom they labeled a racist, and a similar demonstration followed on 1 May. In response, local FN Congressman Guy George criticized what he called

the manipulation of children by left-wing adults and declared that Le Pen was not racist but merely a French nationalist who opposed new foreign immigration (*NC*, 23 April–9 May 2002). The FLNKS expressed concern that the new French premier, Jean-Pierre Raffarin, had not supported the Noumea Accord, but Frogier flew to Paris on May 15th to meet with Raffarin, his old friend: “We have accompanied Jacques Chirac in his combat for several years . . .” (*NC*, 15 May 2002).

Fifteen candidates presented themselves in June for New Caledonia’s two seats in the French National Assembly. Naouna’s Union Calédonienne (UC), the largest party in the FLNKS, refused to participate, citing what it saw as the French policy of demographic colonization as the reason why no one from the FLNKS could win a seat as deputy to Paris since Roch Pidjot’s death in 1986. Because Paris refused to put into law the proposal that would limit the electorate to people who had been resident for ten years by 1998, the National Assembly was no longer a forum for “the construction of Kanaky” (*NC*, 11 May 2002). Yet Palika (Parti de Libération Kanak), the second largest party in the FLNKS, supported Paul Neaoutyine, the President of the Northern Province, against Frogier in the eastern district, while the dissident loyalist Alliance supported Didier Leroux against Lafleur in the western district. Lafleur had won his district ever since it was created in 1978, and although Neaoutyine kept him from winning outright on June 9th, Lafleur won on the second round a week later with 55 percent of the votes, while

Frogier defeated Leroux on the second round by the same margin (*NC*, 17 June 2002).

Two elections of more local interest also took place in New Caledonia in 2002, both of them unexpected: one for the municipal council on Lifou in the Islands Province, and another for seats in the eleven-member territorial executive. Because of the complexity of local Kanak politics (twenty-eight language groups), the French State Council has repeatedly abrogated election results in the Islands Province due to improprieties in balloting. In fact, Lifou's voters have gone to the polls ten times in the past four years, leading *UC* mayor Neiko Hnepeune to comment on the increasingly low voter turnouts, "I think people are tired of voting all the time." Municipal elections were held in New Caledonia in March 2001, but in September 2002 the State Council said those results were flawed and put a caretaker administration in place until another election could be held in October. One problem is the large number of party lists in each election: five this time, including separate lists of candidates proposed by three members of the *FLNKS* coalition. The first round of voting on 20 October gave no list a clear majority, and only one list was eliminated. So a second round was held a week later, when an alliance between the *UC* and the *LKS* won 54 percent of the votes, returning Hnepeune to power with 26 seats on the 33-member council. Palika won 2 seats, while the *RPCR* and its Kanak allies won 5 seats (*PIR*, 22 Oct, 1 Nov 2002). In effect, the same team returned to office that had won in 2001.

More dramatic was the struggle between independence supporters and loyalists in the capital that led to the fall of the executive in November. In 2001, Raphael Mapou of the *Fédération des Comités de Coordination Indépendantistes (FCCI)*, the *RPCR*'s Kanak coalition partner, had maneuvered the *RDO*'s member of the executive, Aukusitino Manuohalalo, out of office on a technicality. Manuohalalo soon returned to his post when Wamytan resigned from the executive in protest over the lack of collegiality. But in late July 2002, Mapou himself was dismissed from office by the *RPCR* for criticizing its "giving away" territorial mineral resources for almost nothing in its deals with Inco over the Goro nickel-processing plant. After replacing Mapou with an *RPCR* party member, the loyalists commanded eight seats out of eleven on the executive and often made decisions by simple majority vote without even consulting with the *FLNKS*, thus confirming Wamytan's complaint (*PIR*, 2 Aug 2002). The *FCCI* was divided in its response to Mapou's dismissal. Mapou wanted to break entirely with the *RPCR*, but others (who had once been in *FLNKS* parties but allied with the *RPCR* to try to work with the loyalists) sought a compromise. François Burck, former *UC* head and now *FCCI* president, opted for maintaining relations with the *RPCR* but also calling the attention of all groups in New Caledonia to the serious issue of protecting local resources (*NC*, 7 Aug 2002).

Meanwhile, the three members of the *FLNKS* who remained in the executive refused to move into new offices that month. Dewe Gorodey (Palika),

Gerald Cortot (UC), and Manuohalalo (RDO) said that the new offices were, in effect, an annex of the government of the Southern Province, which was controlled by the RPCR. "The FLNKS is not in tow to the RPCR," declared Victor Tutugoro, coalition spokesman, despite the fact that all telephone, fax, and computer lines to the old offices had already been cut off and that the territorial executive was now meeting in the new building (NC, 15 Oct 2002).

In November, the UC held its annual congress and reelected Naouna president. He reaffirmed that the primary goal of New Caledonia's oldest party was sovereignty: "The collegiality erected in general principle and consecrated by the Noumea Accord has remained a dead letter because of the hegemonic power that the RPCR exercises without sharing" (NC, 9 Nov 2002). A few days later, the battle of the *bureaux* took on new significance. As he had warned he might do back in January, Naouna told Cortot and all the members of the UC list below him to resign from the executive on 13 November, thereby causing the fall of the government, in accordance with Article 121 of the Organic Law of 1999. Unlike the previous resignation by Wamytan in October 2001, which had no practical support, this action required that a new executive be elected within fifteen days. Other parties in the FLNKS said that such a crisis was to be expected, considering the RPCR's arrogance, but Manuohalalo of the RDO called it "irresponsible" (NC, 14 Nov 2002).

Typically, Lafleur reacted with "a great serenity" and called the act "a sword thrust in the water," while

Frogier was more critical, calling it first a "non-event" that cost time and credibility and then "a turning away from the Noumea Accord" (NC, 19 Nov 2002). Yet Leroux of the Alliance said it was foreseeable, because the RPCR had been playing with fire for some time, with its lack of collegiality, premature grant of mining rights to Inco, moving of the executive into the annex of the Southern Province, and general disrespect and distrust among parties (NC, 20 Nov 2002). It was in reality the first major crisis in the new government of a quasi-autonomous New Caledonia. The RPCR-FCCI majority in the Congress quickly organized a riposte. When Congress met on the 21st, in a tense mood, to determine how many members it should elect to the executive, Frogier pointed out that Article 109 of the Organic Law specified between five and eleven, so he proposed ten, and the change passed. The UC immediately protested this reduction, but to no avail (NC, 22 Nov 2002). Three lists presented themselves: RPCR-FCCI, led by Frogier; FLNKS, led by Gorodey; and UC, led by Cortot. On the 28th, the RPCR-FCCI won seven seats out of ten, with Frogier as president of the government again; the FLNKS won two, held by Vice President Gorodey and Wamytan (making a comeback); and the UC one, Cortot. Manuohalalo was out again, because he had finally moved into his new office and had also criticized the fall of the executive. Frogier ridiculed the "infantile" behavior of the pro-independence parties, said that collegiality did not mean "veto power by a minority," and ironically proclaimed his commitment to "con-

sensus, nothing but consensus” (NC, 29 Nov 2002; PIR, 29 Nov 2002). Plus ça change. . .

The territory also sought to improve its economic autonomy, but the sticky question of development priorities caused tensions. Pacific Island countries often rely on tourism as a major source of income, but in New Caledonia aid from France and nickel-mining revenues have usually relegated tourism to a small sector. In the first half of 2002, about 57,000 tourists visited the territory, a 5 percent increase over 2001; Japanese and New Zealand visitors dropped, but more metropolitan French (a 22 percent increase) and Australians came (NC, 20 Sept 2002). Political stability and good air connections were expected to stimulate hotel construction, and metropolitan French investors are allowed to deduct half their overseas costs from their income taxes (NC, 8 Nov, 20 Dec 2002). In addition, Air France has formed a partnership with Air Calédonie International, the territorial carrier, to improve links with Japan, Australia, and New Zealand. The local government has been allowed to purchase two airbuses tax free, just as French Polynesia is expanding its own air fleet under similar arrangements. The first airbus plans an inaugural flight in January 2003 (PIR, 18 Sept, 31 Dec 2002). To encourage tourism and protect the environment, local groups also persuaded France to propose adding New Caledonia’s coral reef (second in size to Australia’s Great Barrier Reef) to the United Nations World Heritage list, but by September France changed its mind. Lafleur had lobbied hard against the idea in Paris

because it might interfere with mining projects, leading critics to point out the dismal environmental record of multinational mining companies (PIR, 20 Feb, 20 Sept 2002).

“The future of New Caledonia lies in nickel,” Lafleur proclaimed, especially since political stability has given investors more confidence, the territory has one third of the world’s reserves, and the Chinese and Indian markets (for stainless steel) are projected to grow by 20 percent a year (NC, 12 Nov 2002). Yet expanding nickel production caused serious conflicts. The 1998 Bercy Accord arranged for the Société le Nickel (SLN), the largest nickel producer in New Caledonia, to exchange its site at Tiebaghi for another at Poux that belonged to the Société Minière du Sud Pacifique (SMSP). Since the SMSP is owned by the Kanak-run Northern Province, and the Tiebaghi site is more valuable, the deal attracted Falconbridge of Canada into a partnership with the SMSP to build a new processing plant. The North hoped to provide more money and jobs for Kanak to draw them away from the South, where the SLN’s Doniambo plant in Noumea is the only processing facility to date. But when the SMSP closed its Poux site in January, the SLN had no immediate intention of reopening it, and in fact can not do so legally until Falconbridge has completed its studies and made a final decision (by 2006 at the latest) to build at Tiebaghi. This detail meant that 52 workers at Poux lost their jobs, and the SMSP also reduced 600 workers at other sites to part-time. The leading labor union in the mines, SOENC (Syndicat des Ouvriers et Employés de la Nouvelle

Calédonie), called a strike, after months of fruitless negotiations, on 21 January. A roadblock cut off the Tiebaghi site, and strikers also blockaded most other SMSP sites. Sylvain Nea, SOENC president, said that lower profits in 2001 were no excuse, because other local mining firms had not cut back and because the management of the SMSP had made poor investment decisions (NC, 23 Jan 2002).

The irony of this conflict was that the UC mobilized its militants in support of the Poup strikers, while Kanak-elected officials of the Northern Province themselves had made the decision to trade Poup for Tiebaghi and to reduce workers to part-time. In effect, pro-independence parties were on both sides of the strike issue, and the price of industrial development was made clear: labor unrest among the very workers the Kanak administration intended to help. SOENC occupied the headquarters of the SMSP and ransacked the offices before French gendarmes liberated the building. The Northern Province, run mainly by Palika and the UC, condemned the destruction, as did the FCCI, though the LKS urged more dialogue, to no avail (NC, 1 Feb 2002). After eleven days of conflict, SOENC expanded its campaign to SLN sites, as its locals expressed solidarity with the SMSP strikers, and asked the labor tribunal in Noumea to intervene as mediator (NC, 2 Feb 2002). Since nickel prices had risen to US\$3 a pound on the international market, the SMSP, SLN, Northern Province, and French State met to discuss the possibility of reopening Poup (NC, 7 Feb 2002). But the strike continued

into early May, when masked, armed strikers took two gendarmes hostage for a night, hijacked a car, and forced schools to close in Canala (NC, 4 May 2002). By mid-May the SMSP agreed to provide employment for the Poup workers for 2002–03 but not to pay them for the ninety days they were on strike, a point that SOENC was still haggling over (NC, 10 May, 14 May 2002).

Besides the proposed new processing plant at Tiebaghi, nickel production would increase as the SLN expanded Doniambo, while promising to reduce pollution (NC, 6 April 2002) and as Inco of Canada undertook to build yet a third processing plant at Goro in the South. But the Goro project aroused more controversy than any other issue in 2002 and united a wide array of groups in opposition to multinational mining. In April, Goro Nickel hired Bechtel, Technip, and Hatch to construct a plant that could process 54,000 tons of nickel and 5,400 tons of cobalt per year, in a deal that was called the largest contract ever signed in New Caledonia: US\$1.4 billion. In addition, the Southern Province granted Inco a permit to prospect at the rich Prony site nearby. If all four projects went well, New Caledonia's estimated annual processed nickel output could quadruple by 2005 (PIR, 16 May 2002). The question was, who would benefit most, since Inco had already received a full tax exemption for ten years and a partial exemption for another five? Inco agreed to grant the province a 5 percent share of the capital, which critics called mere charity. Environmentalists, traditional leaders, and various political parties accused the

RPCR-run South of selling territorial resources for a song. By late August, several thousand protesters marched in Noumea and presented a petition with almost 10,000 signatures to the government of the Southern Province, arguing against the Prony deal and for the protection of the coral reef (*NC*, 31 Aug 2002). A week later, a road-block shut down the Goro work site, sending over a hundred Inco personnel, fed up with the hostile atmosphere, to Australia (*NC*, 11 Sept 2002).

Pierre Bretegnier, vice president of the Southern Province, said alarmists (ecological activists) and racists (those claiming indigenous rights) were risking the sustainable development of the country. But Mapou blamed the disruption of the Goro project on the province's lack of consultation with local Kanak leaders (*PIR*, 14 Sept 2002). Bechtel announced plans to hire 3,000 workers from the Philippines for the construction project, when Kanak transporters had been denied contracts (*PIR*, 17 Sept 2002). A Dutch company would handle transportation (*RNZI*, 28 Oct 2002). The 24th of September approached, the annual celebration of the date of French annexation, which pro-independence activists have long treated as a day of mourning. In a display of grassroots nationalism, the Collective for the Defense of Prony brought together the National Council of Indigenous Rights, labor unions, the *FLNKS*, the *LKS*, the Greens, women's and environmentalist groups, the League of the Rights of Man, and other groups. It called for a march on the 27th on behalf of a "dying country." Sylvain Pabouty of Palika explained, "It's important for the

native people to discuss natural resources" (*NC*, 20 Sept 2002). About eight hundred people demonstrated, including Sonia Lagarde of the loyalist Alliance, who said, "we know how to unite to defend the interests of New Caledonia and to build this country together" (*NC*, 28 Sept 2002).

But French Minister of the Environment Roseline Bachelot called the World Heritage reef idea "uninteresting, because it has no binding impact." Instead, France would enlist Inco to help protect the environment (*PIR*, 19 Sept 2002). Pierre Alla of Goro Nickel admitted that only 400 local workers had been hired, but he insisted that the 3,000 Filipinos would be well qualified—and cheap. They would earn only the minimum wage for New Caledonia (four times their pay at home), which he called "an absolutely convenient price [without which] Goro Nickel could not happen." Once the plant was built, 90 percent of jobs would be reserved for local workers, 12,000 of whom had already applied for employment (*NC*, 26 Nov, 8 Oct 2002). Inco finally agreed to give an additional 5 percent of the capital to the territory, for a total of 10 percent to the province and territory. But critics pointed to the arrangement in the North, which held a 51 percent share of the *SMSP*–Falconbridge joint venture (*NC*, 20 Nov 2002). By December, Inco said its expenses had risen 15 percent and postponed work for another six months. The year ended with Goro Nickel (and Prony) still in limbo (*NC*, 7 Dec 2002; *PIR*, 29 Dec 2002).

On a more peaceful note, the year began with a special accord between France and New Caledonia to pro-

mote Kanak languages, support the Agency for the Development of Kanak Culture, and protect the Kanak art heritage by undertaking an inventory of objects held in foreign museums that needed to be brought home (NC, 19 Jan 2002). Daniel Constantin arrived in late July to take up his post as French high commissioner, having worked for two predecessors in that office in New Caledonia in the 1970s. By November, he had negotiated a pledge of nonviolence between the Kanak and Wallisian communities in St Louis; the remaining Wallisian families would be relocated to the suburbs of Noumea over the next two years (PIR, 11 Nov 2002). New Caledonia sent representatives to the Melanesian Festival of Arts in Vanuatu in August (NC, 24 Aug 2002) and to the Pacific Forum, including its investment meeting in Beijing, in September (PIR, 6 Sept 2002). France encouraged increased trade and investment as well as more academic exchanges between New Caledonia and Fiji (PIR, 26 April, 9 May 2002), and the University of New Caledonia agreed to host the 2004 convention of the Pacific History Association. In late August, the territorial Congress passed a law regulating the hiring of foreign workers, granting them the same rights as local workers, except that their stays would be limited to one to three years and their hiring should not displace local citizens (NC, 28 Aug 2002). Local employers proposed a long-term strategy of training people of the country so they could better compete for jobs (NC, 7 Dec 2002), though the RPCR and FLNKS disagreed over whether the high-school exams

should be graded in France or in country, respectively (NC, 27 April, 2 May 2002). In December, the territorial executive proposed to Congress the creation of a Consultative Committee on the Environment (NC, 9 Dec 2002).

Soon afterwards, French Overseas Minister Brigitte Girardin toured the country. After witnessing initial demonstrations by the anti-Prony and indigenous rights movements, she promised that France would uphold the Noumea Accord with "total impartiality." She said that the electorate issue was not urgent, because the current Organic Law allowed people resident in the country for ten years after 1998 to become voters on key issues, so the deadline for reflection was 2008. The French National Assembly now wanted to change the law to limit the core electorate only to those resident in 1998 and their descendants, but the European Court of the Rights of Man had not even ruled on the first version yet. In the meantime, France would continue to delegate powers and finances to the territory, and "Quarrels must not compromise the future of the country" (NC, 16 Dec, 17 Dec 2002).

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PAPUA NEW GUINEA

In the year 2002 Papua New Guinea was dominated by the general elections and the continued downturn of the economy.

In the first half of the year, the entire government and public service virtually stood still as political parties and other aspirants prepared for the June elections. By early March, it was clear that the leading contenders were the National Alliance (NA) led by the country's first prime minister, Michael Somare (better known as "Chief"), and the ruling party, People's Democratic Movement (PDM), led ostensibly by Mekere Morauta but in reality by Paias Wingti, another former prime minister. While strong personalities rather than parties have dominated PNG politics since independence, this time there was an attempt to strengthen the hand of political parties via legislation. Late in 2001, a new law, the Integrity of Political Parties and Candidates Bill, had been promulgated, barring candidates who stood under the banner of political parties in the forthcoming election from switching their support to another party or individual during the vote for the prime ministership. The new law also gave to the party with the largest number of elected members of Parliament the first right to nominate for the prime minister's post, thus preventing the previous practice of putting together a coalition of convenience on the floor of Parliament to elect a new leader. A total of forty-two political parties registered for the election, but in reality many were "mosquito parties," established by

those wishing to try their luck, to satisfy their ego, or simply to serve as a front for other parties. More than three-quarters did not even win a seat.

The election itself turned out to be a major embarrassment. Like previous elections, planning for this election was wholly inadequate, with the problem of an "unclean" Common Roll dominating complaints. The most generous analysis of the Common Roll suggests that there were more than a million ghost names, out of a voting population of about two million. Even Prime Minister Morauta unsuccessfully tried to stop the election via the courts on the eve of nomination. The first sign that the election machinery was in trouble came on the first day of voting in the capital, when more than half of the polling booths failed to open or opened late in the afternoon. By the end of the first week of voting, it was clear that the election could not be conducted according to the timetable. The original plan had been to conduct polling in selected provinces before moving to others until the whole country was covered, but with delayed polling in the first few days it became evident that the plan was falling apart. After several court references, the governor-general signed papers for the election to be extended. There were loud calls for the immediate sacking of the electoral commissioner. An extraordinary press release from Morauta asked the public to report the whereabouts of the electoral commissioner, because the prime minister could not locate him to discuss the running of the election. This item became the lead story on EMTV news, the only local television station.

The campaign style in this election was somewhat different from 1997, when the Sandline Crisis became the “killer issue”; there was no single overriding issue in 2002. To win, parties and individuals resorted to the usual mixture of local and national issues, bribery, threats, and cheating.

The People’s Democratic Movement’s main thrust was its policy of “free education for all.” It also trumpeted Prime Minister Morauta’s supposedly strong handling of the economy, especially the stabilization of the kina, the national currency, which had gone into freefall during the term of Morauta’s predecessor, Bill Skate. The National Alliance, meanwhile, campaigned hard against privatization and in opposition to the PDM policy of selling major state-owned enterprises such as Telekom and other public utilities. Since independence, all the major state-owned enterprises have been systematically stripped by corruption and political interference, leaving many either in bankruptcy or insolvent. The National Alliance argued that privatization would simply mean a further loss of jobs and selling off the country’s “jewels.” The solution they proposed was to install independent professional managers, rather than sell these enterprises. They further argued that the only buyers for these assets were “foreigners” and national sovereignty requires them to remain in PNG hands.

As in previous elections, corruption featured prominently. Every candidate, including ones previously found guilty of corruption, pledged to fight corruption if elected. In fact several candidates campaigned from jail where they were serving time for misappropriation

of public funds. Besides a Who’s Who of PNG society, the 2,800 candidates for the 109-seat Parliament include many ex-convicts and others with criminal records. The ordinary voter does not seem to care, either. In anti-corruption rallies organized in Port Moresby and Lae, the turnout was less than for a midweek football game. The sad truth is that issues seem to matter little to voters. The overwhelming majority of voters apparently expect to be bought or paid. Vote buying and houseline (clan) voting decided the outcome of most constituencies.

All candidates and parties promised “development” and poverty eradication if they were elected, never mind that they had no concrete plans and the nation was on the verge of bankruptcy. One party had a simple plan; its manifesto promised K10,000 (about US\$2,200) a month to each PNG family; the money would come from scrapping the civil service. Since the civil service was known to be incompetent and inefficient, it was thought better to scrap it and give its allocated budget directly to the people.

While polling was relatively peaceful in the lowlands and the island regions, violence was the norm in the highlands. Without exception, voting in all the constituencies in the highlands was marred by irregularities including blatant ballot stuffing, intimidation, tribal fighting, and vote buying. An Australian researcher living in the highlands videotaped a scene where the son of the winning candidate was openly marking ballot papers in favor of his father, in front of the polling station. (The footage was later shown on *Dateline*, an Australian cur-

rent affairs television program.) Individual candidates paid “special allowances” to some polling officials and policemen on electoral duty. A policeman who was escorting one of the candidates had his hands chopped off after he shot a rival supporter. A group of renegade soldiers roamed the highlands openly supporting certain candidates. This was despite the fact that the commander of the PNG Defence Force issued a clear order for all PNGDF personnel to be “locked down” in the barracks during the entire election period. In other words, all the state organs involved in the elections, the PNG Electoral Commission, the police, the defense force, and the candidates were all tainted with allegations of bias or cheating. In Mt Hagen, the airport was shut down because the sitting member lost. The airport sits on traditional land belonging to the defeated member’s clan. In Southern Highlands, ballot boxes sitting in a container in front of a police station were firebombed. Election-related violence in the highlands claimed at least forty lives. The violence was so widespread that elections were suspended for six seats in Southern Highlands province; they were rescheduled to take place in April 2003.

Three major reasons explained the high incidence of violence in the highlands. The extension of the election by one month meant that many candidates had run out of campaign money by the time voting took place. They had not budgeted for the extension and let loose their supporters. Second, in the preceding five years, gun culture had really taken hold in the highlands. A man was not considered a “real

man” if he did not possess a firearm. Homemade guns were readily and cheaply available. Candidates who could afford them also brought in a large number of high-powered, factory-made weapons. Combined with the traditional highland-style politics based on clan rivalry, payback, and winner-take-all attitude, violence was simply unavoidable. Third, many of the candidates had planned well ahead of time to cheat, believing that it was impossible to win otherwise. These made them desperate men who were willing to use deadly force to ensure they were elected.

By the time elections were completed at the end of July, it was clear that no party had a working majority to rule alone. The National Alliance was easily going to be the largest party. The ruling People’s Democratic Movement won less than half the number of seats claimed by the National Alliance. Everyone in Port Moresby knew immediately that the race to form the government would be between those two parties.

The National Alliance, however, had the distinct advantage. As mentioned, the new integrity law gave the party with the largest number of elected parliamentarians the first right to nominate for the post of prime minister. Only if it failed to muster sufficient votes could other nominations come from the floor of Parliament.

Within the NA camp, questions were already being raised as to who would be the NA nominee for prime minister. The pre-election favorite (in addition to party leader Somare) was Stephen Pokawin, the governor of Manus Province. Unfortunately,

Pokawin lost his seat to a PDM candidate. Attention then focused on the Lae member of Parliament, Bart Philemon, a technocrat. A significant portion of NA members did not want Somare to lead the NA coalition for several reasons. He was seen as having “had his chance” (as prime minister twice before), and thus as a man from another era. Moreover, in contrast to his previous election victories, this time Somare’s margin of victory was thin: he was nearly toppled in his East Sepik provincial constituency by an unknown vanilla farmer. Many in the party also feared that with the Chief as their nominee, the National Alliance would have problems attracting other parties into a coalition. The party knew that it would win no more than 20 seats (eventually it won 19) and needed at least another 35 seats from outside the party to get a winning majority of 55 in the 109-seat Parliament. A group of newly-elected independents led by three newly-elected governors—Tim Neville (Milne Bay), Clement Nakmai (West New Britain) and Mal Kela Smith (Eastern Highlands)—was known to prefer Bart Philemon over Somare.

When the National Alliance established its camp in Kokopo in mid-July, the NA caucus put aside the leadership issue. The Chief had simply refused to bow to hints that he should give up the party leadership. Supporters of Somare argued that he had “earned” the right to be prime minister, given that it was he who had led them into the election and was responsible for their victories. Moreover, it was difficult to dump the person whose face appears on the K50 note, the largest note in Papua New Guinea. The issue

of “face” was too important to ignore—nobody in the National Alliance was willing to force the father of the nation to back down and lose face. By this time, the National Alliance had stitched together a loose coalition with the People Progress Party (PPP), led by former Prime Minister Sir Julius Chan; the People’s Action Party (PAP); and the People’s National Congress (PNC), led by another former prime minister, Bill Skate. Other minor parties and a few independents brought the NA group to about fifty.

On 29 July, the governor-general officially named the National Alliance the largest party, with the first right to nominate the prime minister when Parliament sat on 5 August. By this time the lines were clearly drawn: the NA side had about 50 members of Parliament, the PDM camp had about 15, and the Independents about 20. The rest were fence-sitters. Like previous elections, 70 percent of members were first-timers.

With the writing on the wall, Sir Morauta resigned as PDM leader and ruled himself out as a prime minister nominee on Sunday, 4 August, one day before the opening of Parliament. Morauta said he resigned to give the People’s Democratic Movement a better chance of enticing more members to its side. But in reality his resignation was due mainly to infighting between himself and Paias Wingti. Each blamed the other for the dismal PDM performance in the election. Many in Port Moresby thought that the way was clear for PDM founder Wingti, rumored to be the richest man in Papua New Guinea, to work his “magic.” Since Morauta’s triumph in 1999, the talk in government circles

was that Wingti was the real power behind the scenes and would be making a “big comeback” in 2002. The main English-language daily, *The Post Courier*, even ran a front-page story in the midst of the election saying that Wingti would challenge Morauta formally for the PDM leadership.

In every election since independence, the “numbers game” for the formation of a new government was completed at the eleventh hour. The PDM strategy was simple: with Morauta out of the race, they could offer the post of prime minister to others to entice them into a coalition. The People’s Democratic Movement had already succeeded in enticing half of the Papua New Guinea United Party—PANGU—to support it (the other half of PANGU supported the National Alliance). If the PDM party could muster about 52 votes on Monday morning, Somare’s nomination would fail and the PDM camp would be able to nominate another candidate for the prime ministership. The most obvious PDM target was the Independents camp with its 20 members of Parliament. A combined PDM/Independents camp would give them about 35 votes, within range of stopping Somare.

The first order of Parliament at 11:25 AM on the bright and sunny Monday morning was to elect the Speaker. To the surprise of many, the National Alliance nominated Bill Skate, while the combined PDM and Independents nominated Dr Tota Bun, a novice. The secret ballot saw Skate win by 68 to 35. Many were also surprised by the winning margin. Assuming that the 35 votes came from the PDM camp (15) and the Independents

camp (20), this meant that there had been no leakage of votes from the NA camp. The PDM camp needed an additional 12 votes to stop Somare, but this looked unlikely.

In contrast to the vote for the Speaker, the vote for prime minister was an open one. This represented a real dilemma for any fence-sitters in the NA camp. If they did not cross over in significant numbers and Somare still won, they would miss out on the all-important “cargo” that comes with being on the winning side. In the harsh reality of PNG politics, members of Parliament outside of the ruling coalition cannot bring goods and services to their constituents, nor can they “recover” the enormous amount of money they “invested” in getting elected.

The Independents were also faced with a dilemma. The 68 votes in favor of the NA side meant that the National Alliance did not need their 20 votes to form a government, so they suddenly lost their role as “king-makers” in the numbers game. The Independents had insisted all along that no government could be formed without their support. For the People’s Democratic Movement, the clear NA win meant that Wingti had lost his magic touch and the numbers game was up.

Parliament resumed in the afternoon. After swearing in the Speaker at 12:55 PM, Somare won the vote for prime minister, 88 to 0. The thought of being left out of government was too much for the Independents to bear; they all voted for Somare. The PDM camp simply did not show up for the vote, allowing a nil vote for the opposition.

The first order for the new Somare-led government was to try to revive the economy and to stop privatization. The economy was in very bad shape. The year 2002 was the fourth consecutive year of recession and the economy contracted by about 2.5 percent. The kina fell by about 15 percent against the Australian dollar during the year. Like politics, the economy can be divided into two halves—before and after the election. In the first half, the economy and the kina remained relatively stable with central bank intervention. Monetary policy was stable and fiscal policy was relaxed. But just prior to the elections the Morauta government increased spending to try to win votes, for instance by announcing the unbudgeted “free school fees” policy. The financial position deteriorated rapidly after that, especially when the new government publicly announced that the government was “broke.” A tight supplementary budget was brought in to stabilize the situation, followed by expenditure cuts in the 2003 budget. In the budget speech, the government announced that its key policy objectives were good governance, export-driven economic growth, poverty alleviation, and rural and human resource development. The key difference was the export-driven policy. Given the poor PNG record of economic management, however, most observers dismissed the budget as another piece of rhetoric. For more than a decade, successive PNG governments have not stuck to the budget and have overspent on “unbudgeted” expenditures—the favored terminology used for overspending by government departments and ministers.

The economy suffered two impor-

tant shocks under the new government. In September, the courts declared the value-added tax (VAT) illegal, causing revenue to some provinces to fall by as much as 80 percent. It took almost a month of negotiations before the government was able to bring new legislation to correct the situation. Second, two key foreign exchange earners were temporarily shut down, the Ok Tedi mine due to low rainfall and Porgera mine by vandalism. Together with widespread perception that the government was not in complete control of the economy, the result was a dramatic drop in the value of the kina. On November 5 it reached an all-time low of US\$0.19. The kina bounced back to the US\$0.24–0.25 range by the end of the year.

Efforts to rebuild the economy were complicated by a lack of any good economic news. The much-talked-about PNG–Queensland gas pipeline took a blow when its biggest customer in Australia pulled out of the deal just before the new year. Exploration in mining and petroleum dropped to historical lows in 2002. Even traditional PNG ally Australia refused to give additional aid when Foreign Minister Alexander Downer held talks with the new government. Australia insisted that reforms take place before new aid money would be released. The strong Australian stand was apparently due to an informal agreement between Australia, the World Bank, and the International Monetary Fund to withhold further assistance from the Somare government in order to force the adoption of harsh spending cuts and undertake real reforms (Forbes 2002).

The government’s moves to stop

privatization came in the form of a Commission of Inquiry into the sale of the PNG Banking Corporation to Bank South Pacific. A Queen's Council from Australia was appointed and is expected to report by 2003. Many expect the commission to report collusion among key decision-makers in the Morauta government and the new owners of the PNG Banking Corporation.

As the year drew to an end, the general feeling in Port Moresby was one of despair. The political system had not changed despite the general elections; the "new" prime minister was in fact the founder of the nation; law and order continued to deteriorate; and the economy had descended to new lows. According to almost every social and economic indicator, the nation had gone backwards. But in true Melanesian style, the political elites still hope that "masta" Australia and other aid donors will again bail out Papua New Guinea in 2003. The word "aid fatigue" was neither understood nor heard in the corridors of power in Waigani.

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VANUATU

Some commentators continue to question Vanuatu's stability and wait for a collapse of order as experienced by its Melanesian neighbors. However, Vanuatu has shown a good deal of cohesiveness in a year that witnessed a

number of potentially destabilizing events, including a national election, the jailing of a former prime minister for fraud, and lengthy wrangling over the appointment of the new commissioner of police. Although Vanuatu's economy has not been performing well, 2002 has largely been a success for governance.

The year began with the death of one of Vanuatu's elder statesmen, George Kaltai Kalsakau, on 31 December 2001. Kalsakau had been one of the primary leaders in the lead-up to independence, and in 1978-1979 was the country's first chief minister after the country became a self-governing British-French colony. Vanuatu lost three other notable politicians in 2002: the prominent women's leader, Grace Mera Molisa, who died on 4 January; the second chief minister, Father Gerard Leymang, who died on 2 May; and Noel Maria-sua, a respected chief who had been chair of the National Council of Chiefs, who died in October.

Natural disaster also struck early in the year, when an earthquake measuring 7.3 on the Richter scale hit Port Vila. Some roads, buildings, and bridges were damaged, but overall the capital city escaped lightly scathed, with no deaths. Repair of homes and buildings continued over the year, giving a lift to the building industry. While repairs were costly, in many respects the damage from this earthquake had less human impact than the earthquake and subsequent landslides in Merelava, in the northern Torba province, in late November. Housing, water supply, cash crops, and food crops were all affected. As Merelava is an outer island, this natural disaster received little media attention.

Natural disasters aside, the first potentially destabilizing event involved confusion over the date of dissolution of Parliament. The government thought that dissolution was to occur on 16 March, and in the final week was going to debate a supplementary appropriation bill to cover police underpayments of 95 million vatu. After a careful reading of the Constitution, the opposition figured that Parliament should actually dissolve on 6 March. They took their challenge to the Supreme Court and won, so Parliament was dissolved before the appropriation to pay the police could be passed. While some police were prepared to wait until after the elections for the underpayment issue to be resolved, others threatened strike action, and there were fears of inadequate security during the elections. The issue was defused at the end of March when Natapei's caretaker government, which had been installed to manage the country between the dissolution of Parliament and the election, paid the outstanding money to the police.

Once this issue was resolved the political focus turned to the elections, which were held on 2 May. The previous chair of the Electoral Commission, Charles Bice, had recommended increasing the number of seats by fifteen. However this proposal was rejected when the cost implications were realized, and the number of seats remained at fifty-two. More than 260 candidate applications were received by the Electoral Commission. Most applications were processed without difficulty, and 257 candidates were accepted to stand for election. However, among the rejected was Acting

Minister of Infrastructure and Public Utilities Jacklyn Ruben Titek, whose application was dismissed because he was not officially registered on the electoral roll. Titek appealed the decision (*Titek v The Electoral Commission* 2002). During the court hearing it was found that Titek had never been properly registered when the electoral registration system changed in 1999. When registration officers had called at Titek's house in 2001 to check the registration, Titek had not been home. The officers stated that they would come back the next day, but never did. Titek believed his electoral card, issued in 1993, was still valid. The Supreme Court overturned the Electoral Commission's decision and allowed Titek to be registered as a candidate. This decision was based largely on the fact that the electoral officers had promised to return to Titek's house and had failed to keep this promise. (Titek retained his seat in the election.)

The Electoral Commission also disqualified three candidates a week prior to the election. Atis Kalo Manarato, Hollingson Issachar, and Dickenson Hughug were all disqualified when it was discovered that they each were serving suspended sentences. As a result, the Electoral Commission apparently asked the police to screen all candidate names for undisclosed convictions (*TP*, 27 April 2002). The incident also prompted the Elections Observer Group (EOG) to recommend a strengthening of the eligibility criteria "to make ineligible the candidature of habitual criminal offenders, people who have been convicted of corrupt electoral practice, and people with significant debts" (EOG 2002,

23). However, this report did not recommend that the Electoral Commission be required to liaise with police to screen candidate names for criminal records.

The campaign period was fairly quiet. Voter behavior still seemed to be determined by loyalty to personalities rather than support of particular policies, and few parties or candidates offered clear statements of their political platforms. Various rallies were held, but the clearest indications of campaigning in Port Vila were the thousands of posters plastered around town (recognition of peoples' faces rather than their policies seemed more important in the race to attract votes) and the truckloads of campaigners driving around town dressed in party colors, honking horns and chanting slogans. In a number of instances business owners were allegedly threatened if they tried to remove posters stuck on their property.

Posters led to the most unpleasant incident of the campaign period. An expatriate restaurant owner, Christophe Rodot, removed from his menu board a poster for Port Vila independent candidate Willie Kaloris. Kaloris's supporters had placed the notice there without permission. Rodot left other posters of Kaloris on the walls. The next day a group of Kaloris's supporters went to the restaurant and badly assaulted Rodot. They also forced him to eat the poster that had been removed and to pay 20,000 vatu in "compensation." Kaloris was not present for the attack but turned up afterwards. He threatened that when he was made a minister he would deport Rodot. In the newspaper Kaloris was unrepentant for his

behavior, stating, "If I am in power he [Rodot] will be deported. No question" (*TP*, 13 April 2002). In the same article he also advised that "if people have a problem with his posters on their premises they should contact him to discuss concerns and not pull down the posters as it causes problems." It was not until early May that Kaloris and his nephew Moise, who led the assault, were arrested (*TP*, 11 May 2002). In the meantime Kaloris had polled 362 votes in the election, not enough to win him a seat, but still ranking him tenth of 31 candidates in the Port Vila constituency.

Polling itself was also a low-key, straightforward affair, except in Luganville, Santo, where an error on the ballot papers delayed voting for a day. Voter turnout in the urban centers of Port Vila and Luganville was low, at 51 percent and 45 percent respectively. Overall turnout was 63 percent, slightly up from the 62 percent turnout in the 1998 elections.

Besides the delayed voting in Luganville, other election irregularities occurred. These were relatively well detailed as, for the first time in Vanuatu, an Elections Observer Group was set up. Errors in counting resulted in two candidates, Maxwell Maltok and Vatambe Reme, being declared elected in the unofficial results, only to lose their seats when the official results were released. While the Electoral Commission maintained that the discrepancies were due to human error, some observers believed that the size of the discrepancies called the credibility of the Electoral Commission into question (*TP*, 25 May 2002). The Election Observer Group also noted potential difficulties with the integrity

of the electoral roll. Using 1999 census data it estimated that there were 107,068 people over the age of eighteen in Vanuatu in 2002. However, the electoral roll recorded 127,092 eligible voters (EOG 2002, 39). Once this was discovered the Electoral Commission took steps to try to combat the lack of integrity in the electoral roll. Prior to the election a number of electoral cards were confiscated from individuals who were registered to vote in two separate constituencies. In the Port Vila constituency about sixty people were caught during the election, either for having multiple registrations or for voting using another person's card (*TP*, 9 May 2002).

The Union of Moderate Parties (UMP) won 15 seats (up from 12 in the 1998 national election); the Vanua'aku Party (VP) 14 seats (down from 18); the National United Party (NUP) 8 seats (down from 11); the Vanuatu Republican Party (VRP) 3 seats (up from 1); and the Greens Confederation (GC) and the Melanesian Progressive Party (MPP) won 2 seats each (GC was not listed in the last election, and MPP won 6 seats). The Peoples Progressive Party, Fren Melanesian Party, and Namangi Aute each claimed 1 seat. Five independent candidates were also elected (compared to 4 in 1998).

There was some evidence of "dead wood" being voted out. Stanley Reginald (NUP), whose drunken and violent behavior was the subject of an ombudsman's report in 2000, lost his seat in the Banks/Torres to Nicholas Brown, a new independent candidate. Paul Ren Tari (NUP) who had been the Speaker of Parliament during the 2001 parliamentary maneuverings to

try to avoid a vote of no confidence, and Irene Bongnaim, the first deputy Speaker at the time, also lost their seats.

The reduction in VP seats may be explained in part by tactical or campaign errors. Each of the eighteen constituencies in Vanuatu has one to seven seats. This means that parties must be careful, when standing multiple candidates in a single electorate, that these candidates do not split the vote among themselves and lose out to single candidates from less popular parties. This split in voting may explain why in 1998 the Vanua'aku Party won three of the four seats in the Efate constituency (Donald Kalpokas, Joe Carlo, and Foster Rakon), but in 2002 only won one seat (Donald Kalpokas). There was considerable support for Kalpokas, as a number of voters felt that he fell victim to "bad politics" when he resigned from the post of prime minister in 1999 to avoid a vote of no confidence. Kalpokas easily won his seat with 875 votes. Carlo and Rakon each polled over 500 votes, which was insufficient for either of them to win a seat. Of the other parties to win seats in this constituency, the Union of Modern Parties and the National United Party each stood one candidate only, both their candidates being successful. Barak Sope won his seat for the Melanesian Progressive Party. Although there was another MPP candidate, he was a relative unknown so did not significantly split the vote. The problem of vote splitting is something that may need to be considered in the event of a review of the Vanuatu electoral system.

Isabelle Donald (VP) of the Maewo constituency was the only woman to

successfully contest the election and to stand as a representative of a major party. Of a handful of other female candidates, mainly in the Port Vila constituency, none came close to gaining a seat.

A VP/UMP coalition similar to the one in power prior to the election formed the new government. Edward Natapei (VP) retained the position of prime minister, with Serge Vohor (UMP) as his deputy and minister for foreign affairs. The rest of the cabinet was Sela Molisa (VP), minister for finance; Wille Posen (UMP), minister for infrastructure and public utilities; Jacques Sese (UMP), minister for education; Donald Kalpokas (VP), minister for health; Nicholas Brown (VP, Ind), minister for Ni-Vanuatu business development; Jacklyn Ruben Titek (VP), minister for lands, geology and mines; Stephen Kalsakau (UMP), minister for agriculture, livestock, forestry and fisheries; Joe Natuman (VP), minister for internal Affairs; Philip Boedoro (VP), minister for the comprehensive reform programme; Jean-Alain Mahe (UMP), minister for industry and commerce; Raphael Worwor (UMP), minister for youth and sports. The Speaker was Henry Taga (UMP).

There were some rumors that donors had threatened to withdraw aid if Natapei was not made prime minister, even though the Union of Modern Parties had more votes than the Vanua'aku Party. However, the Vanua'aku Party retained the prime ministership because three independent candidates pledged their support for the party. One of them, Nicholas Brown, was made a member of cabinet. This government remained stable

throughout 2002, despite the usual rumors of no-confidence motions circulating occasionally. It continued to progress along the path of the Comprehensive Reform Programme.

With the elections out of the way, attention turned to the trial of former Prime Minister Barak Sope on charges of forgery. Sope, who was prime minister from December 1999 to April 2001, forged two government guarantees near the end of his period in office. The first, for US\$5 million, was for the benefit of Vanuatu Investment Corporation Ltd (VICL), which had been set up with Sope's first political advisor, Bakoa Kaltonga, and Australian businessman Eddy Galea serving as directors. This guarantee was used as security for a loan of US\$2.4 million, although the source of this loan is not a matter of public record. The second guarantee, for US\$18 million, was made out to Dynamic Growth Management Projects Pty Ltd, a company about which there is little public information. A New Zealand Serious Fraud Office expert could not determine whether this guarantee had been used as security. Sope's defense was that he had no intention of personal gain from signing the letters of guarantee; rather, he wanted to settle some of Vanuatu's debts, in particular a US\$5 million debt to the Commonwealth Development Corporation in relation to the Belmol cattle project—a project that remains somewhat shrouded in mystery. The court rejected this defense because the issue was not whether Sope had acted for personal gain. It had been established that Sope knew these documents to be false but still signed them and sent them off, with the intent that they

should be acted on as genuine. This was all that was required to establish that the offences had been committed. On 19 July Sope was sentenced to imprisonment for three years (*Public Prosecutor v Sope* 2002). People from Sope's home island of Ifira immediately protested the decision to jail the former prime minister. Some, including opposition leader Willie Jimmy, criticized New Zealand's role in the prosecution (New Zealand supplied fraud lawyers and special investigators), claiming that New Zealand and Australia were interfering with local politics. These rumblings of dissatisfaction grew along with rumors of riots if Sope was not pardoned, but these rumors were soon overshadowed by events of early August, when a police crisis arose out of the appointment of the new police commissioner. The murmurings of discontent and calls for the ousting of Australian Federal Police for interference in local politics continued during August, giving an extra edge of instability to the unfolding events, but ultimately never came to anything (PIR, 28 Aug 2002; TP, 6 Aug 2002). With most attention focused on the issue of the appointment of the new police commissioner, when Sope was pardoned by the president on 14 November because of ill health there was only a small outcry, including a walkout from Parliament when the president tried to deliver his official speech opening the budget session (ABC, 25 Nov 2002). Sope lost his seat in Parliament because of his conviction but intends to challenge this in court in early 2003.

The potential for a crisis over the appointment of the new police commissioner had been apparent early in the year. Api Jack Marikembo, who

was commander of the Vanuatu Military Force (VMF), had been appointed acting commissioner of police in June 2001 following the retirement of Peter Bong. By the end of January, VMF officer Major Aru Maralau was questioning whether the Police Service Commission had, in fact, advised President Bani to appoint Marikembo, as stated in the appointment letter. Maralau was apparently suspended because of his investigation into this matter (TP, 31 January 2002). It later turned out that the appointment was indeed invalid. By the end of March, Api Jack Marikembo's appointment as acting police commissioner was revoked, and Holi Simon, who was deputy commissioner for operations, was instead made acting police commissioner. The new chair of the Police Service Commission, Mr Michael Taun, stated that this appointment was made because "according to the police strategic review of 1997, the next senior person to the Police Commissioner should be the Acting Commissioner, and that person is the Deputy Commissioner (Operations)" (TP, 4 April 2002). This caused disunity in the police and the military, as some police supported Marikembo over Simon. Because the president had not revoked Marikembo's appointment, the potential for a challenge as to the legality of the revocation was opened up. However, with the election drawing nearer, Marikembo and Simon put aside their differences to work together to ensure security over this period.

Advertisements for the post of police commissioner went out amid assurances that the Police Service Commission would act properly and not allow any interference in the pro-

cess. On 19 July, Mael Apisai was appointed the new commissioner of police. This soon led to an outcry as there had initially been twelve candidates and Apisai's name had not been among them. Four of these candidates had been short-listed and interviewed by a selection panel made up of Jenny Ligo, Julianne Robvo, Bill Willie, and Marcel Sam. Again Apisai's name had not come up. Holi Simon had been the preferred candidate of the selection panel (*TP*, 27 July 2002). On 4 August a group of police, led by Holi Simon and Api Jack Marikembo (who had ably buried their differences, it would seem), arrested Apisai and fourteen other people thought to be involved in his appointment, including Attorney General Ham Bulu, several senior civil servants, three members of the Police Service Commission, the private secretary to the president, and a senior member of Natapei's staff. All were charged with seditious conspiracy and released on bail.

Holi Simon then applied to the Supreme Court to have the appointment of Mael Apisai quashed. This was granted on 8 August, and the Police Service Commission appointed Simon as acting commissioner (*PIR*, 13 Aug 2002). Simon then turned to focus on ensuring security for the Melanesian Arts Festival, being held in Vila from 18–28 August.

On 19 August Magistrate Kawai Kawai quashed the charges of seditious conspiracy against the fifteen, on the grounds that the arresting officers did not have prior written consent of the public prosecutor (*PIR*, 21 Aug 2002). The next act of the drama unfolded when the Magistrates' Court granted a warrant for the arrest of twenty-seven police officers involved

in the August arrests. On 26 August Arthur Coulton was made the acting police commissioner and on 27 August approximately one hundred armed paramilitary officers loyal to Apisai turned up at the police station to arrest Simon and a number of other police officers on charges of mutiny and inciting mutiny. The police refused to come out and a large crowd of ni-Vanuatu gathered around the armed officers, threatening to riot if the officers created further violence. That the "person on the street" wanted to head off trouble in the country could be seen as a positive sign. This desire by bystanders to stop the armed bullying tactics was perhaps reinforced by the fact that a large number of tourists were in town because of the arrival of a cruise boat and the Melanesian Arts Festival (*PIR*, 29 Aug 2002). The standoff was defused when the armed officers left, having obtaining a promise that the twenty-seven officers would appear in court in the afternoon. Only seven of these officers did actually present themselves at court. All were charged and suspended from the police force.

On 31 August a reconciliation ceremony was held between the police and the Vanuatu Military Force. As part of this ceremony a number of police suspensions and arrest warrants were withdrawn (*TP*, 3 Sept 2002). Michael Taun was removed as chair of the Police Service Commission and an interim commission was established. Although the reconciliation ceremony took place, the case against the leading officers in the police mutiny continued to court.

Initially twenty-six officers were charged with mutiny and incitement

to mutiny but on 1 October, the first day of the committal hearing, the public prosecutor dropped the charges against eighteen junior officers who were not thought to be ringleaders in the events of August. The eight remaining defendants were charged with mutiny, incitement to mutiny, kidnapping, and false arrest. Midway through the trial, Jean Yves Kali had the charges against him dismissed on the basis of lack of evidence, leaving seven accused to present their defenses (ABC, 19 Nov 2002). On 7 December the matter finally came to a conclusion, with four of the defendants, Holi Simon, Api Jack Marikembo, Paul Willie Reuben, and Eric Pakoa all being convicted and given two-year suspended sentences. The other three—John Pakoa Tarimas, Lui Patu, and Roy Seule—were all found not guilty on the grounds that they had been following the orders of a superior and no evidence indicated that the officers knew the orders were unlawful. Suspended sentences were given because all officers had long records of service and good backgrounds prior to the incident (*TP*, 7 Dec 2002).

Two side incidents of note were triggered by the police mutiny events. The first concerned Deputy Prime Minister Serge Vohor's statements on the Australian television program, *SBS Dateline*, that Australia, through its Australian Federal Police presence in Vanuatu, have been spying on local politicians and tapping telephones (ABC, 2 October 2002). Unsurprisingly, the Australian Department of Foreign Affairs denied this. The second incident surrounded the formation of a militia being trained by the Vanuatu Military Force, apparently

to help maintain order in the event of violence over the police situation. The prime minister denied that any militia had been formed, although later reports indicated that a group had been trained (*TP*, 8 October 2002). A Radio Australia news story stated, "Government spokesman Mr Daniel Bangtor has confirmed the group of young men from the island of Tanna, who now live near Port Vila airport, were employed and given training to assist the mobile force" (ABC, 23 October 2002). This report also indicated that, although the group was no longer employed, it was not disbanding, which gave rise to fears that a new armed faction may arise.

Other stories that attracted interest during the year include the downturn in the kava industry. Many countries now will not accept dried kava to be used for making tablets and other herbal remedies because it appears that kava, when processed in this way, can damage users' livers. Agricultural exports have not been very successful in 2002, arising from difficulties with the Vanuatu Commodities Marketing Board.

Football is the national sport, so ongoing confusion about the Vanuatu Football Federation's football academy project has affected many people. While details are still unclear, the Fédération Internationale de Football Association (FIFA) made a large payment to the federation to support this project. This payment went into the European Bank, which is a member of the Bayer financial group and also involves Robert Bohn. Work on the academy has not progressed and there are allegations that money has been misused, that the contract to build the

academy was corruptly awarded, and that the Vanua'aku Party has used these funds (*TP*, 5 Sept 2002). At least one person, Gilles Daniel, has already appeared in court over this matter. Certain other "troublesome names" have come up, including Guy Bernard (who was linked with the militia training) and Robert Bohn. The matter is now set to be resolved in court, and it is hoped some light will be shed on what actually occurred. Robert Bohn again found himself in trouble late in the year when he and Tom Bayer were arrested by the FBI in New Orleans on charges related to the operation of a lottery scam. The United States has leveled allegations of money laundering at both Bohn and Bayer in the past (*TP*, 10 Dec 2002). This incident has placed a strain on Vanuatu's tax-haven status, although OECD pressure over the past few years makes this strain familiar.

As Vanuatu moved into 2003, several issues remained to be cleared up, including the status of Barak Sope as a parliamentarian, the allegations of corruption surrounding the football academy project, and the search for

the truth regarding the actions of Robert Bohn, Tom Bayer, and the European Bank. With a sluggish economy over the past few years Vanuatu is also in need of economic growth, which should be a priority for 2003.

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