

PAPUA NEW GUINEA



Flag: Yellow bird of paradise on red field and white constellation of Southern Cross on black field

Official Name	Independent State of Papua New Guinea
Political Status	Independent state (1975)
Capital	Port Moresby
Population	3,350,000 (1984 midyear estimate)
Land Area	461,690 square kilometers
Currency	Kina (K)
Major Islands and Island Groups	Eastern half of New Guinea; Bismarck Archipelago; Bougainville; D'Entrecasteaux Islands; Louisiade Archipelago

Physical Environment

Papua New Guinea lies in the southwest Pacific. Its nearest neighbors are Australia, some 160 kilometers to the south, the Federated States of Micronesia (FSM) to the north, and Solomon Islands to the east (see fig. 5). The country includes the eastern half of the island of New Guinea—the second largest island in the world—where it shares a land border some 730 kilometers long with Indonesia. The territory on the main island accounts for approximately 85 percent of the total land area; the remainder is accounted for by several hundred contiguous islands. The largest of these are New Britain, New Ireland, and Manus in the Bismarck Archipelago and Bougainville, which together with Buka are the two northernmost Solomon Islands. The entire country stretches some 2,100 kilometers from east to west and about 1,300 kilometers from north to south.

The main island is distinguished by a central mountain core that is not a single chain but a complex of ranges interspersed with broad, grassy valleys at elevations ranging between 1,500 and 3,000 meters. The mountains include the Star, Hindenburg, Muller, Kubor, Schrader, Bismarck, and Owen Stanley ranges, which peak at more than 4,000 meters. Mount Wilhelm, at more than 4,500 meters, is the nation's highest. The mountain system forms a drainage divide between rivers that flow south to the Gulf of Papua or north and east to the Bismarck and Solomon seas. The nation's largest river, the Fly, flows almost 1,100 kilometers and can be navigated for nearly 800 kilometers; most of the nation's

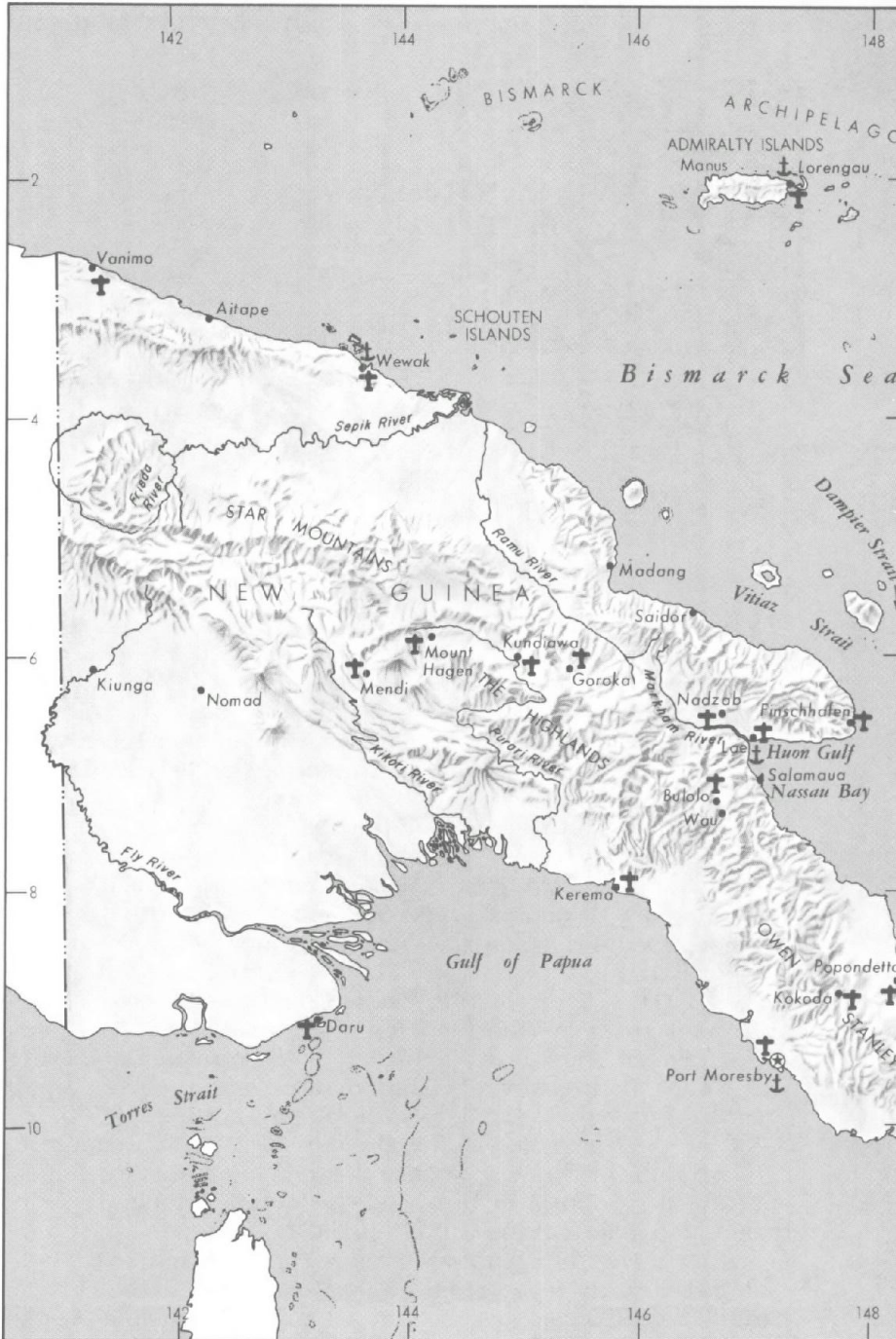
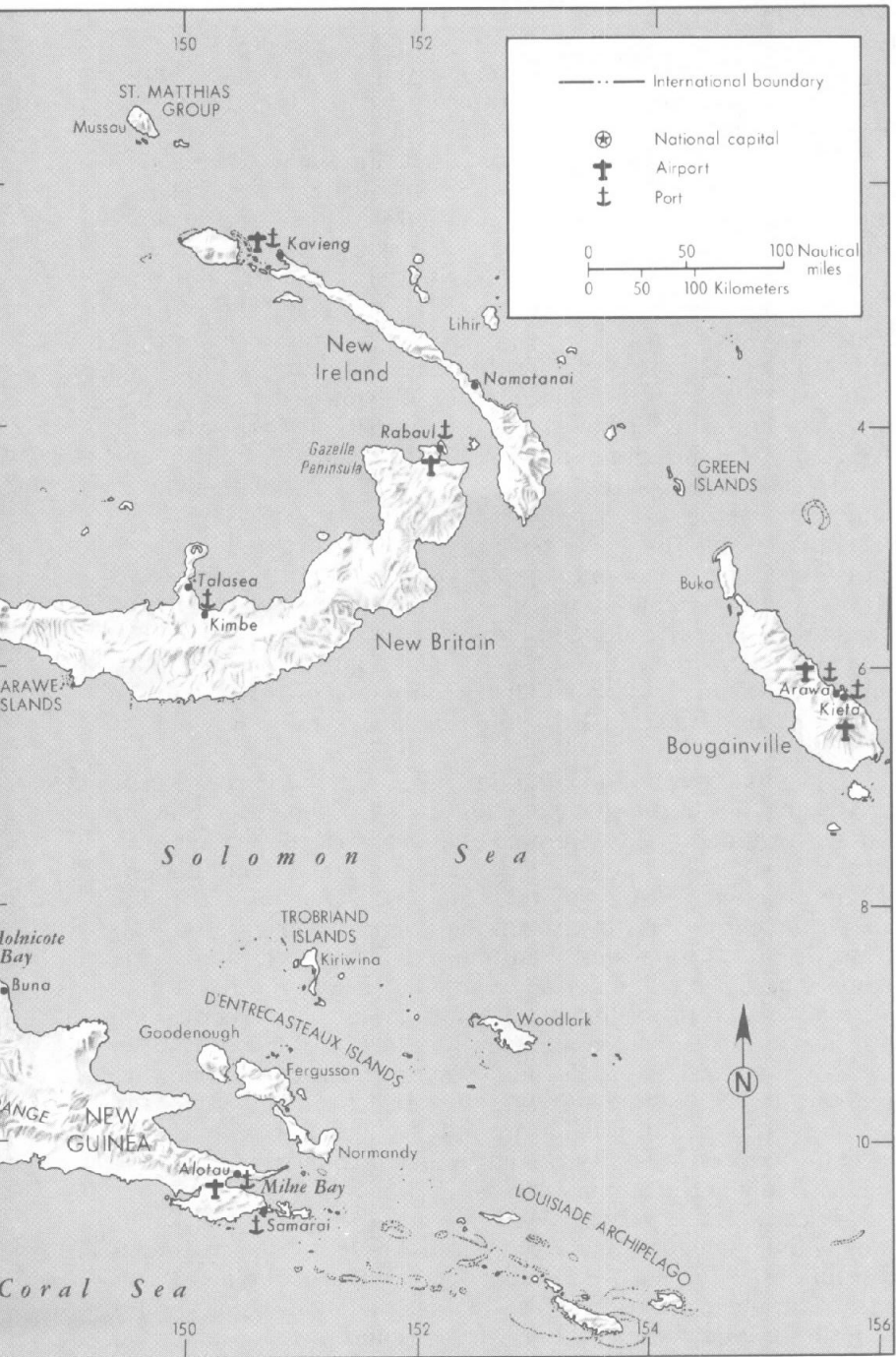


Figure 5. Papua New Guinea. Topography and Drainage, 1984



rivers, however, are navigable only by small boats in the lower reaches. Lowlands and foothills of varying widths cover most of the coasts. Swamps are common in many areas, and on the southwest littoral a great delta plain forms one of the world's most extensive swamps.

The line of northern ranges on the main island extends eastward to form the core of the islands of New Britain, New Ireland, and Bougainville. Severe earthquakes often occur along this line, causing much damage. Volcanoes are also located here, and there were serious eruptions at Rabaul on New Britain in 1937 and near Popondetta on the main island in 1951. The islands of the D'Entrecasteaux and Louisiade archipelagoes are also of volcanic origin and represent the peaks of the submerged extension of the Owen Stanley Range. The three large islands of New Britain, New Ireland, and Bougainville have no rivers comparable to those on the main island but are drained by innumerable small, rapid rivers. Coral reefs fringe all three as well as the north coast of the main island. Because the eastern end of the main island is rising, however, these formations disappear along the eastern and southern coast. Good, deep harbors are relatively few; exceptions are Port Moresby and Madang on the main island, Lorengau on Manus, Kavieng on New Ireland, and Rabaul.

Administratively, the nation is divided into 20 provinces, including the National Capital District around Port Moresby (see fig. 6). Up until the mid-1970s the provinces were referred to as districts.

The climate is humid and rainy, except in the Port Moresby area, which lies in the so-called rain shadow of the Owen Stanley Range. Although many zones have distinct wet and dry seasons, the dry months are characterized by a minimum of 50 millimeters of rain. The wet season generally runs from December through March during the northwesterly monsoon; the dry season lasts from May to October and is influenced by the southeast trade winds. The intervening period is variable. Temperatures are not extreme for a tropical climate, and most areas outside of the high altitudes have a daily mean temperature of 27°C that varies little. At 1,800 meters above sea level, however, the mean temperature is about 16°C; daytime temperatures rise to about 32°C, and nighttime temperatures fall to around 7°C. Similarly, the humidity in the lowland areas varies slightly around 80 percent but fluctuates widely in the highland areas.

Because it lies between Australia and mainland Asia, Papua New Guinea's vegetation cover is similar to both. Dense jungles of tropical rain forests grow profusely in most areas below 80 meters. Plant life in these forests resembles that of Malaysia and Indonesia. In the dry areas of Port Moresby and the Fly and Strickland river basins, the mixed cover of savanna and monsoonal



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|----------------------|---------------------|------------------------------|----------------------|
| 1 Enga | 4 Simbu (Chimbu) | — — — International boundary | ⊗ National capital |
| 2 Southern Highlands | 5 Eastern Highlands | — — — Line of separation | • Provincial capital |
| 3 Western Highlands | | — — — Provincial boundary | |

Figure 6. Papua New Guinea. Administrative Divisions, 1984

forests is similar to that of the northern Australian coast. The vegetation of the high, central cordillera resembles that of Tasmania and New Zealand.

Tropical rain forests cover about 85 percent of the main island. The top branches of these trees reach some 37 meters in height and shelter smaller trees, vines, and ferns. Nearer to the ground grow creepers, orchids, and other plants in profusion. The coastal areas contain dense mangrove swamps and forests of a distinctly different kind. Inland swamps feature huge areas overgrown with sago palm, which supplies the people there with their staple diet. In the Markham and Ramu river valleys, there are also grassy areas suitable for crop cultivation and grazing. At around 800 meters above sea level, the forests decrease in height but contain the most valuable species, such as red cedars, oaks, beeches, nutmeg trees, and local mahoganies. Above 3,000 meters alpine forests of conifers, shrubs, and ferns appear, and above

3,600 meters equatorial alpine grasslands emerge. Mount Wilhelm has only rocky crevices and sparse vegetation above 4,250 meters and receives occasional snowfall.

Although the jungles closely resemble those of Southeast Asia, the animal life found there is predominantly Australian. The main island has more than 100 species of marsupials, some of which have become extinct on the Australian continent. The largest is the tree kangaroo; others include opossums, wallabies, and bandicoots. Reptiles are abundant, including crocodiles, large lizards, and more than 70 species of snakes, many of which are poisonous. The myriad varieties of insects include the malarial mosquito. Birds are also abundant. The largest is the cassowary, which resembles the Australian emu. Parrots, cockatoos, kingfishers, thrushes, and magnificent birds of paradise abound. The latter were much prized by the courts of the Indo-Malay world, which frequently sent trading missions to New Guinea to barter for them.

Historical Setting

The archaeological record is limited, but it is believed that man first arrived in what is now Papua New Guinea about 40,000 years ago in the first of a number of waves of immigration from Southeast Asia via Indonesia. Archaeologists believe people may have begun to hunt and gather food in parts of the Highlands as early as 26,000 years ago and may have been among the world's first agriculturists, growing bananas and vegetables some 9,000 years ago.

New immigrants speaking Austronesian languages arrived some 5,000 years ago, occupying the coasts and introducing the craft of pottery-making. They developed elaborate seaborne trading systems, such as the *hiri*, which linked areas of the southern coast, and the *kula* ring, which linked the east peninsula of the main island with the Trobriand (Kiriwina) Islands and the Louisiade Archipelago. Another trading system, the *te* of the Western Highlands, joined interior areas and eventually the coast. Trade goods, such as pottery, food, canoes, stone adz blades, pigs, and prized shell ornaments, were exchanged. Elaborate ceremonies were developed to commemorate such significant events as planting, marriage, war, and death. The absence of a written language documenting the evolution of this rich and varied culture should not obscure its importance.

The main island was first sighted by the Portuguese expeditions of Antonio d'Abreu and Francisco Serrão in 1511. Jorge de

Meneses, who accidentally happened upon the main island in 1526–27, is said to have named it “Papua,” or Ilhos dos Papua, probably derived from a Malayan word alluding to the frizzled quality of the hair of its inhabitants. The name “New Guinea” was given to the island in 1545 by a Spaniard, Ynigo Ortis de Retez, because of a supposed resemblance between the local inhabitants and those found on the Guinea coast of Africa. Two other Spaniards, Luis Váez de Torres and Diego de Prado, landed on Mainu Island in 1606 and fought with the islanders. They also took 14 girls and boys to Manila for instruction in the Catholic faith. The next two centuries were marked by sightings and landings by Dutch, British, French, and other Portuguese and Spanish navigators.

During the mid-1800s European vessels made frequent short visits to the area, exchanging metal, cloth, and trinkets for food, fish, and coconuts in canoe-to-ship trading. By the 1870s longer visits and semipermanent settlements were attempted by scientists, traders, missionaries, and gold miners. Blackbirders also arrived to lure men to work on plantations in Australia, Fiji, and the Samoa Islands. By the 1880s a small group of coastal villagers had become well acquainted with the Westerners.

The missionary effort in particular had a major effect on everyday life. British missionaries of the London Missionary Society established a few teachers from the Loyalty Islands on islands in the Torres Strait area in 1871, and by 1884 Polynesian pastors had arrived in the Gulf of Papua. Other missionaries, supported by the Methodists, arrived on New Britain. The missionaries’ impact was profound in the areas where they worked; European clothes and living styles, steel tools, and new crops were introduced. The pattern of village leadership was altered by the designation of deacons, who often had influence over secular as well as church affairs. In 1884 the first indigenous pastors were graduated from the London Missionary Society School in Port Moresby.

From British New Guinea to the Territory of Papua

Initially, Britain demonstrated little interest in the region, as evidenced in its refusal to recognize attempts by Charles Yule (in 1845) and Captain John Moresby (in 1873) to claim the eastern part of the main island. German commercial activity in the area and the fear of German annexation of the eastern half of the main island, however, triggered fears among the Australians. Eventually, a reluctant Britain acceded to Australian demands to enter

into negotiations with Germany, which resulted in the division of the area. The southeastern quadrant of the main island became a British protectorate; the northeastern quadrant became a German possession. The British flag was raised at Port Moresby on November 6, 1884—only three days after the German flag had been raised on New Britain (see fig. 7).

Authorities in Britain and Australia were interested primarily in preventing other nations from gaining influence in southeastern New Guinea but did not develop the area for themselves. Until 1942 the Australian administration was essentially funded by a small grant averaging £15,000 to £20,000 per year and by internally generated revenues.

General Sir Peter Scratchley was appointed special commissioner to establish the administration of British New Guinea in 1885. He and his successors were hampered by a lack of adequate funding and personnel to make and enforce laws. The fragmentation of the indigenous political structure and the absence of strong rulers made it impossible to rule indirectly, as was done in other British colonies. A large number of expatriate officials, therefore, were eventually needed to administer the area, and their intrusion into village life was pervasive.

In 1888 Britain annexed the territory as a crown colony, appointing William MacGregor the first lieutenant governor. Trained as a doctor and possessing extraordinary energy, he was able to accomplish much, despite the lack of outside support. He established a paternalistic administration that prohibited the sale of native land to anyone but government officers and prevented the indigenous inhabitants from being employed outside their home districts—practices that were abusive in German New Guinea. Using foot patrols, he explored the deep interior, and he mapped the coast and navigable rivers by boat. As MacGregor himself put it after 10 years of his administration, he “practically had to subdue by force almost every district.” By 1898 more than 100 Papuans had served in the Armed Native Constabulary—an effective police force—and numerous others had acted as village constables. These positions carried much prestige for the Papuans.

Gold was discovered in 1888 on Tagula (Sudest) Island and later on the Misima and Woodlark islands; it soon became the colony’s principal export. Despite the low level of permanent white settlement, hundreds of miners sought their fortunes in British New Guinea. Many indigenous inhabitants also worked in the goldfields, staying long after the initial boom had subsided.

In 1906, after an eight-year period of administrative stagna-

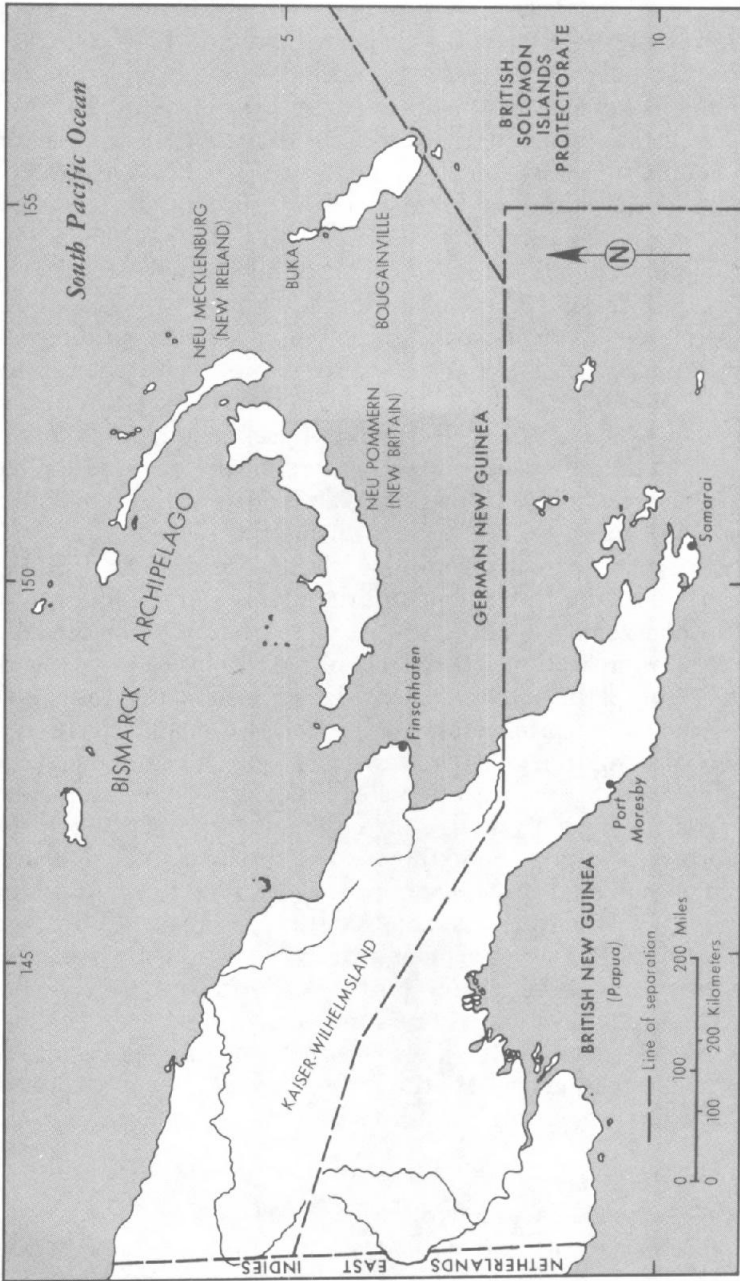


Figure 7. British and German New Guinea, 1885

tion during which Australia and Britain debated the future of the colony, the British transferred the area to Australian control. It was renamed the Territory of Papua. Hubert Murray was made lieutenant governor in 1908—a post he held until 1940. Murray's personality and policies made an enormous impact on Papua, influencing its development over the next three decades.

From the outset the Australian administration was fraught with conflicting aims; its so-called forward policy encouraged white settlement and exploitation of Papua's natural resources, while other policies sought to enhance the welfare of the indigenous peoples. For the first five years of his tenure, Murray encouraged the leasing of land to settlers and sought to increase both the area under cultivation and the number of crops produced—coconuts, hemp, and rubber. He enjoyed initial success, but after 1911 the area planted declined largely because of hardships experienced by the settlers. By 1918 approximately 24,000 hectares of plantations were under cultivation; this level remained basically unchanged until World War II. The white population stabilized at around 1,200 persons during this period.

Although the Murray administration was criticized by the settlers—and later by the Papuans themselves—for not developing the economic infrastructure, it was generally a benevolent colonial administration. Murray spent most of his career defending the rights of the native Papuans. He favored maintaining their status as peasant-proprietors and opposed demands to recruit women and children as laborers. In large part he renounced the use of force in dealing with the villagers. There were insufficient funds to set up government village schools, but Murray did see that subsidies were given to the mission-run primary and technical schools and made efforts to improve health services. Although the funds invested were small, substantial social changes resulted as larger numbers of Papuans left the villages to earn money to pay a head tax assessed by the territory's administration. They became laborers, noncommissioned officers in the constabulary and police, or tradesmen in the towns. At the same time, government officers and missionaries continued to press deeper into the isolated interior, spreading Western ideas and technology.

From German New Guinea to the Territory of New Guinea

Germany formally took possession of the northeastern portion of the main island, the Bismarck Archipelago, and New Britain in 1884. Buka and Bougainville in the northern Solomon Is-

lands were added in 1886. At the time of the initial annexation, the territory on the main island was named Kaiser-Wilhelmsland. A private business firm was chartered to administer the colony and occupy so-called ownerless land. The firm, called the New Guinea Company, hoped to develop a German colony on the main island, obtaining land for a pittance from the villagers and selling it to the German settlers.

When the company representatives reached Finschhafen on the Huon Peninsula in 1885, they signed an agreement with the illiterate and probably unwitting villagers, transferring large tracts of land to the newcomers. At first the villagers were willing to clear the land in return for iron implements and other goods. Once their immediate needs were satisfied, however, they were uninterested in making long-term labor commitments. When it became evident that no more than a handful of German settlers would come to the colony, the company gave up land speculation in favor of developing large plantations in the Madang area, recruiting thousands of laborers from Sumatra in the Netherlands East Indies, Singapore, and elsewhere. This effort was also doomed; the plantation workers were decimated by disease, and by the end of the century most of the plantations were closed.

Germany's colonization of the Gazelle Peninsula of New Britain proceeded with greater success through the efforts of a mixture of expatriates, who formed a community around the Samoan-American planter, Queen Emma. By the end of the 1890s this community was exporting thousands of tons of copra each year. The Tolai people of eastern New Britain, whose land was systematically alienated for the development of the plantations, nonetheless fought back, and a series of raids between the two groups occurred during the 1890s. It has been estimated that by 1914 some 283,000 hectares of land had been alienated on New Britain. Although this represented less than 1 percent of the total land area, it was by and large the best land and constituted about 40 percent of the former landholdings of the Tolai. Land alienation remained a festering grievance among the Tolai and was not resolved until the nation's independence.

In 1899 German New Guinea was made an imperial colony, administered by German government officials. In sharp contrast to developments in Papua, Germany sought to create a colony for whites and devoted little, if any, attention to the welfare of the indigenous peoples. Over the next decade German power was extended to the islands of New Britain, New Ireland, Bougainville, and Manus, and district officers were aggressive in making the

areas safe and profitable. District officers used force against villagers who objected to their policies, which included the use of *corvée* labor to build roads. District officers also assisted labor recruiters in getting all the workers they needed. In 1907 Germany initiated a head tax, which forced the villagers to seek wage employment in order to pay the tax. Subsidies from the German government, moreover, were twice those given to the Papuan government by Australia. German naval vessels and a mobile expeditionary force stationed in Rabaul could be sent anywhere in the colony on short notice, and in 1913 German New Guinea had twice the number of police as did Australian Papua.

Within 15 years coastal German New Guinea was changed from a wilderness to a plantation colony. At least 40,000 contract laborers were pressed into service from 1908 to 1913, by which date few of the indigenous men in the controlled area had not worked for whites. An estimated 100,000 people were recruited as contract workers, and perhaps one-quarter of those died on the job. Even so, government authority remained limited to only 20 percent of the territory and rarely extended more than 25 kilometers inland. By and large, Christian missionaries, not the government, brought the outside world to most inhabitants of German New Guinea. A complex process of enculturation too difficult to document, religious conversion may well have been the most significant event in the lives of many inhabitants before World War I.

German rule ended in September 1914, after Australian troops seized Rabaul. Australia's interest lay in the area's strategic position and its potential economic contribution to the war. German missionaries and planters were not deported but continued their activities until after the war. Labor recruiters were given a free hand, and many of the techniques used by the German imperial administration were continued.

In 1920 the British government, on behalf of the Commonwealth of Australia, assumed a mandate from the League of Nations to govern the former German area as the Territory of New Guinea. Australia decided to administer the area separately from Papua and rejected the recommendations of Murray in Papua to promote the interests of the villagers. Instead, it was decided to continue the economic exploitation of the territory's resources and, when possible, to improve village life. It was Australian policy to have the former German territory pay for its own administration, which meant leaving development to European private enterprise. German private property was expropriated and sold

to ex-servicemen from Australia.

Dreams of riches faded rapidly, however, as the worldwide depression of the 1930s reduced copra prices to about one-fifth of their earlier values. The small-scale farmers fell deeply into debt to Burns Philip or W.R. Carpenters, large shipping and trading firms that completely dominated the economy. The expansion of plantation agriculture continued nevertheless, and copra production in 1940 was almost double that of 1920.

A gold rush started in 1926 at Bulolo near Lae on the main island, resulting in an enormous demand for village labor. Within a few years more than 3,000 inhabitants of the Territory of New Guinea were working in the goldfields; by 1938 this number had risen to 7,000—one-third as many as worked on plantations. Gold made the government of the Territory of New Guinea comparatively richer than the government of the Territory of Papua. Nevertheless, fearing the possible revolutionary consequences of too much modern education, the government spent less money on village schooling in the 1930s than it had in the previous decade. Instead money was allocated for the purposes of opening up new areas where gold might be found and improving the health of the work force. In 1934 Australia even went so far as to suggest to the League of Nations that the responsibility for education be turned over entirely to the missionaries.

Outside of the major population centers, however, some Australians with egalitarian instincts were uncomfortable with the rigid rules established in Rabaul. The wilderness areas, or the bush, as it was called, inspired a respect for ability. Patrol officers were conscious of the skills of their indigenous subordinates, and missionaries lived among converts in conditions of near equality. Some planters in isolated areas developed a sense of community with “their” laborers. A wide variety of experiences resulted depending on local conditions and personalities.

World War II

On the eve of World War II, about one-half of the people in both territories were thought to be registered in village census books—200,000 in the Territory of Papua and 580,000 in the Territory of New Guinea—but no one really knows for sure. Of these, about 1,500 Australians and Europeans were in the former and approximately 4,500 in the latter. There were also about 2,000 Asians in the Territory of New Guinea, mostly Chinese. More villagers were employed in the cash economy than at the turn of the

century, but most continued to work as indentured laborers. A handful were educated and were traders or missionaries. About 1,200 were in the force. Others were employed as servants, cooks, waiters, or workers in sanitation crews.

By 1940 approximately two-thirds of the people of both territories were governed by "patrol." Depending on their proximity to administrative centers, they might be visited twice yearly by officials traveling on foot, although some might not see a patrol for years. In other areas, such as the Gazelle Peninsula on New Britain, the people had become deeply involved in cash cropping. Many had received an elementary education, possessed some relatively expensive European goods, and had begun to live in Western-style housing. Vast areas remained virtually unknown, however. This was most dramatically demonstrated in 1933, when it was discovered that an estimated 800,000 near-stone-age people were living in the Wahgi River valley of the Highlands, which theretofore had been considered uninhabited.

Following the attacks in December 1941 on Malaya, Pearl Harbor, and other areas of the Pacific, the Japanese bombed Rabaul on January 4, 1942, and Port Moresby one month later. The Territory of New Guinea had been allowed no fixed defenses under the mandate agreement, and the small Australian garrison of 1,400 at Rabaul was overrun on January 23. The Japanese then moved rapidly to occupy the islands of New Britain, New Ireland, Manus, and Bougainville and landed forces at Lae on the main island. The attacks caused the Australian government to bring the two territories under the control of a single military administration at Port Moresby—the Australian New Guinea Administrative Unit—for the duration of the war.

In May 1942 the Japanese set out from Rabaul to attack and occupy Port Moresby by sea. The force was turned back in the Coral Sea, however, by a combination of land-based air strikes from Australia and Papua and carrier-based air strikes from a United States naval task force. Blocked from an attack on Port Moresby by sea, Japanese forces in July attempted an overland advance on Port Moresby via the Kokoda trail. In August they also attempted to outflank Port Moresby by landing forces at Milne Bay. The ensuing battles on the Kokoda trail and at Milne Bay marked the farthest point of Japanese advance. Allied defenders forced the evacuation of Japanese forces from Milne Bay in early September, and within two weeks fierce opposition and supply difficulties had caused the Japanese to begin withdrawing along the Kokoda trail.

There then followed a long and difficult process in which the Allies slowly reestablished their control over the main island and outlying islands as well, either by isolating Japanese forces or by dislodging them from reinforced positions. In many areas the Japanese refused to surrender. On Bougainville and New Britain, Allied forces, aided by people from the territories of Papua and New Guinea, fought lengthy campaigns. When the battles ended in mid-1945, some 23,000 Japanese soldiers remained on Bougainville, and almost 90,000 Japanese soldiers, sailors, and civilians remained on New Britain. Only 13,500 were still fighting the Australians south of Wewak on the main island. Over one-half of the approximately 300,000 Japanese sent to the territories of Papua and New Guinea during the war had died there.

Although the war probably had almost no immediate impact on at least one-third of the population of the combined territories, in many areas its effect was profound. Wherever large numbers of Allied or Japanese forces were present, almost all able-bodied men had become laborers. Other islanders entered into cash cropping to provide for the military forces in their areas. Battalions from both territories fought in every major campaign of the war, except Milne Bay. The Pacific Islands Regiment, in which Australians filled all officer and most noncommissioned officer slots, was formed in 1944; it was a tough and respected force, credited with having killed 2,200 Japanese and losing only 63 of its own men. Those islanders who lived in combat zones experienced the massive, uncontrollable, and almost incomprehensible violence of modern war. Communities on Bougainville, New Ireland, and New Britain, in particular, suffered greatly from bombings.

The war also brought local inhabitants into contact with other peoples to a degree not experienced before or after the conflict. More than 1 million United States servicemen passed through Manus Island, the location of the largest base in the southwest Pacific. By virtue of their sheer numbers, the coordinated use of land, sea, and air power, and the application of modern technology the Americans demonstrated a power not previously seen in the area. The conduct of the war had required that islands and their waters be charted, usually for the first time. Tropical medicine was studied, and new methods of administration for the territories were considered.

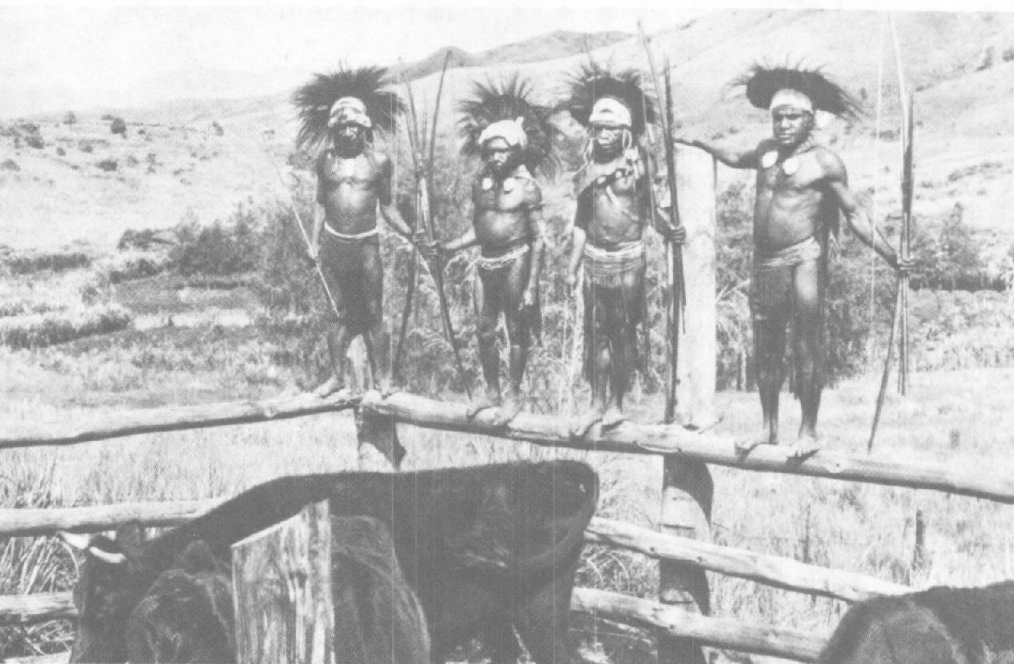
Australians had traditionally viewed the territories of Papua and New Guinea as a last barrier to invasion, and the war confirmed this perception. Only a few, however, had any detailed

knowledge of the territories before 1942. In contrast, by the end of the war some 500,000 Australians had been under arms, many in the island. The population of Australia was only some 7 million, and almost every family had members or friends in the battles that unfolded. Place-names from the territories became well-known and emotionally charged. The press, films, and letters brought home a new image of the territories. In the terrible agony along the Kokoda trail, native bearers had saved innumerable sick or wounded Australians by carrying them to safety through nearly impassable bush and over razor-backed mountains. After islanders fought and died with Australians in dozens of campaigns, the old attitudes could not be maintained nor could the old order be restored.

The New Postwar Order

In July 1945 the Australian minister for external affairs announced that the new Labour Party government believed that his country owed a "debt of gratitude" to the territories of Papua and New Guinea. It was in this spirit that Australia raised its direct subsidy from £212,500 for Papua alone during the 1936–41 period to £16 million for both territories during the 1945–50 period. In 1946 Australia received a mandate from the United Nations (UN) to administer the Territory of New Guinea as a trust territory, an agreement that provided for UN missions to visit every three years to determine how well Australia was promoting social, economic, and political development. Between 1946 and 1949 Australia established a joint administration over both the Trust Territory of New Guinea and the Territory of Papua under the leadership of J.K. Murray. Separate statistics, however, were kept for both halves of the jointly administered area. It became increasingly common thereafter—especially as the country moved toward independence—for the two territories to be called Papua New Guinea and its people Papua New Guineans.

The task of postwar reconstruction was enormous. Little remained of the towns in the Territory of New Guinea, and many plantations were in ruins. The revival of agriculture was one of the most critical needs in both areas. Copra exports in the territory had fallen from 71,000 tons in 1939 to 4,500 tons in 1946, and in Papua, copra exports had decreased by one-half and rubber exports by one-quarter. The government built four main agricultural research stations and 10 smaller extension centers by 1949 and attempted to develop agricultural cooperatives. Some suc-



*Mekeo people from Central Province performing a traditional ceremony and Highlanders visiting a government-run cattle farm—two of many Papua New Guinean peoples
Courtesy Government of Papua New Guinea*

cess was achieved in increasing cacao production on the Gazelle Peninsula and coffee production in the Highlands. Many other projects failed. Compensation for war damages was paid to the villagers in hopes that such funds would be invested in cash cropping or other economic activities, but much was consumed rather than saved.

Initiatives in the area of social welfare proved difficult to implement. To ensure that adequate staff would be available, Australia established the Australian School of Pacific Administration, which offered training in colonial administration, tropical agriculture and medicine, anthropology, and a variety of other subjects relevant to working in the territories. A comprehensive program for training indigenous healthworkers was also started, and the government took steps to establish a public school system. The "new deal" offered by the Australian government was only a start, and a limited one at that, but it did signal a new set of attitudes in the administration. Although initiated by the Australian Labour Party government, it soon enjoyed bipartisan support.

The Development of the Highlands. Perhaps the most dramatic events of the immediate postwar period concerned the exploration and development of the Highlands. Until 1930, when two prospectors entered the area, the Highlands were thought to be a series of uninhabitable mountain peaks. Systematic exploration, which had been interrupted by the war, recommenced thereafter and led to the discovery that the Highlands housed the largest population cluster in all of the Pacific islands. Between 800,000 and 1 million people were estimated to live there; they shared essentially the same social institutions and spoke some 60 dialects—42 of which were related.

The Goroka Valley, where missionaries had been active before the war and where some army units had been stationed during the war, became the center of development in the Highlands; Goroka proper became the administrative center of the vast Central Highlands District in 1950. The first step of the new administration was to bring the "uncontrolled areas" under its fiat. By 1956 contact had been made with about 400,000 people in the "new" areas, which covered about 26,300 square kilometers.

The opening of the Highlands met a very real need for a labor force to expand the economy. The government instituted the Highlands Labour Scheme in 1950, which encouraged workers from the Highlands to contract their labor on the coastal planta-

tions. The number of such laborers rose from 2,300 in 1953 to over 15,000 in 1968—laborers typically agreeing to work for 18 months. The laborers received better rations than their prewar counterparts, protection from unwarranted fines, immunization from tuberculosis, suppressants for malaria, and generally increasing wages throughout the period. In other respects, however, they followed long-established patterns by which young villagers moved out of their districts to earn cash and learn modern ways. By 1970 Highlanders made up almost one-half of the work force employed in lowland areas.

The Highlanders also moved into the cash cropping of coffee in their home district. The boom in coffee prices during the Korean War and the fertile valleys of the Highlands attracted white settlers to the area. They made substantial profits growing coffee, showing villagers how to do so, and processing and marketing the villagers' coffee output. From 1954 onward villagers' production exceeded that of the settlers in the main districts. By 1967 the villagers sold twice as much coffee as foreign-owned plantations. A number of successful villagers expanded into other areas, such as peanut and passion fruit cultivation, cattle raising, and the running of trade stores. Although not all such ventures were successful, many Highlanders in Goroka and other areas learned the nature of *bisnis*, even financing most of their ventures with their own capital.

Profound changes had taken place in many areas by 1960. Goroka was the territory's largest inland town and boasted a population of more than 450 Europeans and three times that number of Papua New Guineans. It had the inevitable golf course, club, and school for expatriates, as well as schools for Highlanders through form (grade) nine, a technical school, and a teachers college that provided new opportunities.

The first local village council had been established in the Highlands in 1958. It was empowered to impose head taxes and raised £9,000 in 1959. It built medical aid posts, schools, and roads; elected councilors; and disposed of considerable sums of money.

During the 1950s the Highlanders developed a sense of common identity and a recognition that their past isolation, state of development, and common cultural and physical characteristics made them separate from others—a sense that was reinforced by their experiences in the coastal areas. Many had passed through revolutionary economic and social change within a generation, advancing their standard of living while retaining their sense of

personal dignity. At the same time, they were acutely aware that even the most developed areas of the Highlands were sadly behind the developed areas of coastal Papua New Guinea. Highlanders were thus less anxious than others in the decades ahead to move rapidly toward independence.

Health, Education, and Social Legislation. At the same time, developments that were little short of revolutionary were taking place throughout the territories. To improve health care some 40 European refugee doctors—barred from practicing in Australia by laws favoring Australians—were recruited for local service. Papua New Guineans were also trained as orderlies and were taught to recognize and treat diseases in the villages; by 1962 there were 1,200 aid posts operating throughout the country. Indigenous peoples were also sent to Fiji for higher medical training, and in 1959 students began training at the Papuan Medical College, the first tertiary institution in the territory. Expenditures on health increased from £605,000 in 1948 to £2 million in 1955. In 1954 a hospital building program was initiated. The missions, having considerable medical staffs, contributed greatly to the overall standards of health, and the administration introduced a scheme to subsidize drugs and provide a small grant for each mission medical practitioner.

Education had been the orphan of Australian colonial policy, and following World War II no government primary schools existed except for the Sogeri School near Port Moresby. Despite the considerable efforts of the missions, about 95 percent of Papua New Guineans remained illiterate. In 1951 there were about 100,000 children in mission schools and some 3,000 in government schools. Real development in education proceeded slowly and did not occur until the mid-1960s. By 1965 there were 65,000 students in government schools, but the missions continued to provide more school places than the government. Even so, over one-half of the children still could not be offered an education.

The postwar period also gradually eroded some blatantly discriminatory legislation against the Papua New Guineans. After a period of intense debate, for example, the government decided in November 1962 to lift the prohibition on the consumption of liquor by the indigenous peoples.

Political Developments. In 1951 the Legislative Council, composed of three indigenous nominated members and 26 whites, was established for the combined territories. Sixteen of the whites served in an official capacity as members of the public ser-

vice. Nonofficial members included John Guise, who undertook to be a spokesman for the common people but was handicapped by the fact that he was of mixed descent. Some Australian critics regarded him as a radical. As disproportionate as the first Legislative Council appears, it well reflected the political balance of forces within the territories.

By 1952 local government councils having largely advisory powers had been established to develop responsibility at the grass-roots level for local affairs and ultimately prepare the villagers for a more advanced political system. Some 150 councils spread over the territories. Although most failed to become autonomous decisionmaking bodies because of interference from the central administration, limited authority, and dominance by white council clerks, they did serve to educate many people who would later become politically active.

The 1960s saw a quickening of political development brought about by the pressure of domestic and overseas influence. These included the emergence of increasing numbers of independent states, pressures from the UN, changing Australian attitudes, and local economic and social change. The enlarged Legislative Council of 1961 had a majority of nonofficial members, and the indigenous membership grew to seven. On the sensitive issue of land matters, the administration for the first time withdrew legislation that the Papua New Guinean members did not support.

During 1961 Australia indicated its intention to take other steps toward self-government within the next five years. Concerned that the form and timing of change be decided within the territory, an Australian planter moved that a select committee be found to make recommendations for constitutional change. In 1962 the committee recommended the formation of a legislature consisting of 64 members, 10 appointed by the administration, 10 from special electorates (for nonindigenous members), and 44 from open electorates. Simultaneously, a UN visiting mission chaired by Sir Hugh Foot recommended a 100-member legislature having no special electorates for nonindigenous groups and only five official representatives. The Foot Report was viewed by some as unworkable UN meddling; however, it probably made the specific recommendations of the select committee more palatable to many expatriates.

The territories' first legislature, the House of Assembly, was established in 1964. The elections—the first under universal adult suffrage—demonstrated that political power continued to rest largely on the strength of traditional indigenous forces. Owing to the newness of formal elections, the weakness of politi-

cal parties, and the lack of “national issues,” voting focused on individuals representing local clan and other interests. The persistence of this local focus became a cause for concern. Few of the Papua New Guinean members were educated beyond the primary level, some were illiterate, and many were not fluent in English, the language used in the administration. Most felt their responsibility was essentially to seek additional roads, schools, clinics, and development projects for their constituencies; they were largely unprepared to address national issues.

Despite their minority status, the 10 official members appointed by the administration were still able to dominate the House of Assembly. Ironically, their primary opposition most often came from expatriate elected members. On the significant issue of compensation for alienated land, however, the indigenous majority was successful in partially influencing government policy. For instance, the representative from Bougainville, Paul (later Sir Paul) Lapun, succeeded in 1966 in amending the mining laws to give Bougainville landowners token royalties from the giant copper mine on the island.

Perhaps the most significant development preceding the 1968 elections to the House of Assembly was the emergence of the Pangu Party (Pangu Pati) in 1967. Australia had not encouraged the development of political parties, and earlier attempts to do so had faltered. The Pangu Party, however, was successful in drawing younger and better educated candidates into the elections. It was formed by two Australians, seven indigenous members, and a group of educated Papua New Guinean public servants. It ran on a platform demanding immediate home rule and greater local power. Michael Somare, a party founder who resigned the public service to contest and win the East Sepik regional electorate seat, stated in an impassioned speech before the 1968 UN visiting mission that it was essential for local people to take higher positions in the public service and control more of the cash economy as well as for the House of Assembly to have the power to dispose of its own revenues. These themes set the tone of the debate over the territory's future in the ensuing years.

The second House of Assembly, elected in 1968, was composed of 94 members—69 members from electorates, 15 members elected at large from regional electorates, each of which combined several open electorates, and 10 official members. Expatriates held only eight of the open electorates but held 11 of the 15 regional seats because they were often more widely known and better financed than were indigenous candidates. More than one-half of the indigenous representatives had some formal education,

and nearly one-half spoke English. Somare, Guise, Lapun, Ebia Olewale, Oscar Tammur, Matthais Toliman, Sinake Giregire, and Tei Abel were able to provide a strong indigenous viewpoint. Guise was elected as the first nonwhite Speaker of the House of Assembly.

The Growth and Localization of the Public Service. The public service became the principal vehicle for social change and administrative control throughout the land, its growth paralleling Australia's efforts to develop the territories. Totalling an estimated 1,174 officers and staff in 1951—all of whom were expatriates—the staff then rose in number by 1965 to 9,336, of whom some 4,000 were indigenous employees. Although Australia had established a division of the public service for lower-level officers in 1955 in order to bring in more indigenous personnel, some 99 percent of Papua New Guineans serving in the public service in the mid-1960s held staff rather than officer positions.

The government at first provided the indigenous employees with salaries, status, and working conditions equivalent to those of expatriates, except in the matter of home leave and territorial allowances. It soon concluded, however, that the public service would eventually become localized at salaries too high for the territories to bear. Consequently, in 1964 the Australian government determined that different salaries would be paid, depending on whether an employee was indigenous or expatriate. Local salaries were set at 40 percent of those for overseas personnel. What followed was a chorus of protest but no avenue of redress. In the eyes of many Papua New Guineans, the event symbolized the worst kind of discrimination and reinforced their desire to gain control of the public service at the earliest practicable time.

The Development of Regional Secessionist Movements

The Australian administration had developed few institutionalized political links between the capital at Port Moresby and the indigenous population in the various regions. In the 1960s the administration had established various advisory committees on a provincial basis, but in many areas villagers rejected these as unresponsive to their needs and formed their own movements to press their interests. Movements in the Gazelle Peninsula, Papua, and Bougainville resulted in a new and wider legitimacy within these locales than had existed in any previous political entities and led to the development of regional secessionist tendencies.

The Gazelle. Although the Tolai people of the Gazelle Peninsula had several advantages not found in most of Papua New Guinea—a good education, relative affluence, and a well-defined sense of community—these achievements had been made at great cost and did not offset the fact that more than 40 percent of the best Tolai land had been alienated by outsiders. Population pressures had begun to strain the customary social system in the 1960s, and there was growing impatience among the Tolai for control over their own affairs. They had already displayed sufficient sophistication to refuse to accept new forms of administration or white control over their affairs.

Tolai antagonism with government policies intensified in the late 1960s. Many farmers were upset when management consultants suggested that a Tolai cocoa cooperative be turned into a corporation, seeing this as an attempt to change the cooperative's status as their agent and remove it from their control. A group of farmers, led by Oscar Tammur, who later became a leading Tolai politician, occupied a large plantation in a densely populated part of the peninsula to protest the continued alienation of their land.

The immediate cause of the Gazelle crisis, however, was the formation of a multiracial local council for the area. The proposal made sense in terms of financial policy. As in the past, the local councils were tied to a particular clan or village and had no power to tax white or Chinese residents because neither were part of village or clan life. The plan nonetheless displayed an insensitivity to Tolai fears, and when the multiracial council was announced in February 1969, Tolai residents organized the Mataungan ("Be Vigilant") Association to oppose it. Protests and a boycott of the local elections failed to deter the central government, and on September 1, 1969, a crowd of Mataungan-led Tolai locked the new council out of its meeting hall in Rabaul. The national government responded by sending an additional 800 police, making a total force of 1,000 in Rabaul. They were unable to cope with a systematic wave of Mataungan violence, however, and needed further reinforcements to quell the unrest.

The leading theoretician of the Mataungan Association was university-trained John Kaputin. A brilliant orator, he became one of the most controversial figures in Papua New Guinea politics. He broadened the aims of the association, formulating proposals for it to take over most of the local administration. Unable to win much support outside of the Gazelle Peninsula, the association engaged the government in a standoff for the next two years. Most of the violence had subsided by late 1969, but continued activism

on the part of the association kept the area on the edge of violent outbreaks. The association disavowed, however, any participation in the murder of the government-appointed district commissioner in August 1971. The participation of the Mataungan Association in national politics after 1971 changed matters much for the better, and the disagreements between the Tolai and the central government became increasingly an internal family affair.

Papua. In the 1970s Papuans began to organize in protest against their absorption into the broader territory. Their leader, Josephine Abaijah, a popular member of the House of Assembly, repeatedly called for a referendum in the Papuan side of the territory to decide the issue. Papuan separatism drew its strength from a belief that people in the southeast had ethnic and cultural patterns separate from those of the northeast. The critical flaw in this argument, however, was that Papua included part of the Highlands, and Highlanders made up 200,000 of Papua's 700,000 people. Nevertheless, Abaijah and the Papua Besena Party promoted an image of the Papuans as civilized and nonviolent, while categorizing the inhabitants of the former Territory of New Guinea as the opposite. The presence of large numbers of immigrant Highlands males in Port Moresby caused social antagonisms, resulting in citywide riots in 1968 and 1972 after rugby matches between teams representing the two groups. The Papua Besena Party also represented Papuan fears that their area was being neglected by the central government.

The party declared its intention to achieve its goals peacefully, focusing its political activities in the Port Moresby area and in Gulf, Northern, and Milne Bay provinces. Some Papuan leaders, civil servants, and university students supported the movement in order to protect themselves from being victimized by the northeastern New Guineans, but the primary purpose of the party was to surface community grievances and resolve community conflicts.

Bougainville. It is difficult to determine precisely when the Bougainville crisis began, but certainly it came into full maturation as a result of the development on the island of one of the world's largest copper mines. Bougainville had long been perceived as being unique in many ways. Its people had kinship and long-established trading ties with the British Solomon Islands rather than with the main island of New Guinea and its adjacent islands. Bougainville had been attached to German New Guinea almost as an afterthought in the colonial division of spoils, Britain

renouncing its claims in return for the withdrawal of German claims in other areas of the Pacific. The Australian administration of the island neglected its development, and education had been almost totally left to the missions, most of which were Roman Catholic. Bougainville's leadership, particularly in the late 1960s and early 1970s, was drawn largely from those trained for the clergy; thus, the leaders had a much higher level of education than most politicians on the main island. Last, outside interaction with the world had rarely been beneficial to Bougainville's inhabitants. There were savage punitive expeditions during the period of German rule, and the Japanese occupation brought much cruelty.

It was against this background that an Australian company that later became Bougainville Copper began taking samples of low-grade copper ore in 1964, determining in 1968 that deposits of some 750 million tons should be exploited. From the vantage point of the Australian and Papua New Guinea governments, the scheme had obvious benefits. It was estimated that royalties and taxes flowing to the administration would amount to from \$A30 to \$A50 million (for value of the Australian dollar—see Glossary) annually, depending on international prices. The Papua New Guinea government decided to purchase a 20-percent equity interest in the mine and planned for jobs to be created for Papua New Guinean workers.

The Bougainville islanders, however, viewed the project from a different perspective. Land to most Papua New Guineans is not only an economic asset but also the ancient source of well-being. For many, the spirits of ancestors and of those not yet born have as much of a claim to the land as the living. Although persons have the right to use the land, it is normally "owned" by the clan or group in general, which must consent to its use. The treasures of any one piece of land, moreover, are considered to belong to the group as a whole.

The administration's insistence that mineral rights were vested in the state and that all royalties accrued to it, therefore, had serious political repercussions. In order to bridge these divergent views, Paul Lapun, Bougainville's leading politician, succeeded in amending mining laws in 1966 in order to pay token royalties to various Bougainville groups. His efforts, however, did not greatly reduce local resentment against the government, resentment that grew as the mine spurred rapid growth in the urban population from 750 people in 1966 to more than 14,000 five years later. Most of the newcomers were single men from the Highlands or the Sepik River area whom the locals accused of lawless-

ness, drunkenness, and unwanted involvement with the local women.

As early as September 1968 Paul Lapun and 23 other local leaders had requested a referendum on whether Bougainville should remain in the territory. In April of the next year some 1,700 villagers met at Kieta, threatening secession unless the administration revised its land laws. A few months later a political group entitled Napidakoe Navitu was formed to promote the referendum and other Bougainville interests.

Internal Self-Government and Independence

Although independence for Papua New Guinea had been a long-term goal in both Australia and the two territories at least since the end of World War II, progress toward that end was very slow during the 1950s and 1960s. In December 1969, however, the leader of the Australian political opposition, Gough Whitlam, suggested during a trip to Port Moresby that the territories should aim for self-government in 1972 and independence in 1976. The idea was initially viewed with hostility in many circles in Papua New Guinea, particularly in the Highlands, and the specified dates were widely believed to be unrealistically premature. Nonetheless, although Whitlam did not speak for the Australian government, indigenous participation in the administration increased dramatically after his visit, and the agenda for local autonomy and independence became a central issue in the political dynamics of Papua New Guinea. The composition of the 1972 House of Assembly was altered to eliminate all appointed positions, and after elections in early 1972 a coalition of parties formed a national government under Somare. The House of Assembly, calling for immediate self-government, then established a committee to determine what form independent Papua New Guinea should take. In early 1973 Australia, under the leadership of Prime Minister Whitlam since December 1972, endorsed the idea of self-government at the end of 1973 and independence in 1974.

The 1972 Election and the Formation of the National Government. The 1972 election should be viewed as two events: the election itself and the subsequent negotiations between the parties to form a governing coalition. Initially, it was assumed that the largest and most conservative of the organized political parties, the United Party, would win an absolute majority and be able to form a government without outside help. The United Party em-

phasized private enterprise, overseas investment, and a partnership of the races. Its primary base was in the Highlands, and it urged delay in the move toward independence. It also received strong expatriate support and financing.

The United Party's major rival was the Pangu Party, which advocated immediate self-government, demanded more local control over the economy and the bureaucracy, and emphasized the sanctity of land. Its stronghold was in the Morobe district of the Sepik area, but it campaigned widely.

Several other parties also contested the election. The People's Progress Party was supportive of private enterprise but was nondoctrinaire about many other issues, including the timing of independence. It was based in the offshore islands and the coastal regions of the former Territory of New Guinea. The National Party campaigned in the Highlands, and personal agreements linked it to the Pangu Party. Three parties campaigned on regional interests: the Papua Besena Party from Papua, the Mataungan Association from the Gazelle Peninsula, and Napidakoe Navitu from Bougainville. There was also a host of independents.

The vote for the 102-member House of Assembly resulted in 42 seats for the United Party and 24 for the Pangu Party; the remainder were split among the National Party, the People's Progress Party, the three regional parties, and independents, including former Pangu Party member Guise. Both the United Party and the Pangu Party attempted to win uncommitted members and smaller parties to form a coalition. The Pangu Party had the disadvantage of attempting to assemble a disparate group, but the United Party faced an even tougher task, having been paralyzed by the defeat of many of its strongest members. Two days before the opening of the new House of Assembly, Somare, as Pangu Party leader, announced the formation of a coalition of his own party, the National Party (which had co-opted eight independent Highlanders), the regional parties from Bougainville and the Gazelle, as well as Guise and a handful of other independents. This placed the People's Progress Party, led by Julius Chan, in a kingmaker role, able to determine whether the United Party or Somare's coalition would govern. It chose to join Somare's coalition, and on April 20, 1972, the first national government of Papua New Guinea came into being; Somare served as chief minister.

The United Party was forced to become the opposition. In contrast to the ruling coalition, its members were mainly Highlanders, knew little English, and were resistant to rapid change. It generally had a less detailed platform for dealing with impor-

tant national issues in Bougainville, the Gazelle, and the Highlands and the rest of Papua.

Throughout the period, Somare faced the difficult task of keeping disparate groups together and placing individuals of varying abilities in positions of power. The desire for self-aggrandizement, patronage, and pressures from constituent groups made it difficult to rely on consistent loyalty from members of the House of Assembly. When pressured, they resorted to the threat of abandoning the government. In addition, members of the committee established to create a constitution for independence were drawn from all parties and tended to vote as a bloc in support of committee proposals.

The first Somare cabinet was carefully balanced in terms of both party and geographic representation. Six Pangu Party members received portfolios, the People's Progress Party and the National Party were each allotted four, and the remaining two ministries went to independents, one of whom was Guise. Geographically, six ministries were allocated to Papuans, four to northeastern New Guinea coastals, three to New Guinea islanders, and four to Highlanders. This delicate balancing of geographical and party interests was to remain a hallmark and a necessity of the Papua New Guinea parliamentary system. Although it had obvious advantages, it also resulted in some extremely weak ministers holding power in order to maintain a proper balance.

Because the coalition had only eight Highlander members, Somare toured the Highlands shortly after taking office and expressed his concern for the interests of that region. He also ensured that the leader of the opposition, Toliman, was accorded the full dignities of his position. These efforts were not in vain. As Somare faced increasing difficulties in the ensuing years, Toliman and his successor, Tei Abel, came to believe that the Somare government, as Papua New Guinea's first "national government," had a right to survive, and the opposition crossed the aisle to support Somare on numerous occasions.

By December 1972 Somare had issued a program of eight pragmatic goals that in large part served as the basis of political debate during his administration. These concerned localization of the administrative apparatus, self-reliance in the raising of revenue, equal distribution of income and services throughout the territories, decentralization, development of small-scale industry, self-reliance in production, equality for women, and, when necessary, government control of the economy.

To accomplish the first of these goals, Somare ordered that

the number of expatriates in the public service be reduced by 3,000 by 1975 and that training programs for Papua New Guineans be accelerated. Somare's initial injunction caused considerable disruption, but by independence all department heads and provincial commissioners and most heads of statutory bodies were Papua New Guineans. Bureaucratic efficiency diminished temporarily, but Papua New Guineans at long last felt they were gaining control of their future.

Self-reliance was a more problematic goal. Australia, which still provided over 60 percent of the Papua New Guinea budget in the early 1970s, had promised to continue to grant \$A500 million annually for the 1974-77 period. In 1975 Somare secured a further commitment of \$A930 million over the next five years.

Efforts to increase local revenues centered on enlarging Papua New Guinea's share of the profits of the huge copper mine on Bougainville, where regionalism continued to be a potent force. The initial agreement concerning the mine had never been acceptable to the Bougainville leadership. Father John Momis and Paul Lapun—who held portfolios in the Somare government—and regional politicians elected to local governing bodies on Bougainville had campaigned on a platform that opposed the government's activities in their area. Although the inclusion of the Bougainville-based party, Napidakoe Navitu, in the ruling coalition had suggested that the Bougainville secession issue was moot, the "payback" killing in December 1972 of two Bougainvilleans after they had accidentally run over a child in the Highlands shattered this sense of accord. News of the incident incensed Bougainvilleans throughout the country and convinced many that there was no future for them in a united and independent Papua New Guinea.

When Somare visited Bougainville in January 1973, he heard a clamor for secession from all sides. The tenacious Somare, however, once again was able to co-opt the most vocal advocates of secessionism, temporarily appeasing them by establishing a strengthened local government in November 1973. Throughout the next two years the local leaders in charge of the Bougainville administration demonstrated both their efficiency and their sense of autonomy in handling local development projects. Flush with their successes, they demanded a great share of the central government's capital budget and larger royalties from the copper mine, threatening at one point to cut off the water supply to the mine.

Meanwhile, the mine's first full year of production had yielded a profit of \$A158 million—far exceeding expectations—

and the pressure to renegotiate the agreement with the mining company became irresistible. The company at first balked but eventually agreed to new terms in October 1974 that resulted in \$A93 million going to Papua New Guinea in that fiscal year. This amounted to nearly 30 percent of its total revenues. The national government's lack of responsiveness to demands that Bougainville's share of revenue be increased and that the island be allowed greater autonomy, however, provoked another crisis: the Bougainville provincial assembly voted on May 30, 1975, to secede from Papua New Guinea. Somare declined to arrest the proponents of secession, wishing to let the issue work itself out Melanesian style, and continued to proceed toward independence.

During the same 1972-75 period the Somare government had met the challenge of Papuan regionalism in a similar manner, successfully co-opting Papuan leaders into the government. Somare's first foreign minister was a Papuan, and at the time of independence Papuans held the four top army positions and a majority of the top civil service positions. Nevertheless, on March 16, 1975, the Papua Besena Party unilaterally declared that Papua was an independent state. Because the party's proclamation was not accompanied by violence, however, the central government felt no need to respond strongly, and eventually the Papua Besena Party began to press for a better deal for Papua within the system of an independent Papua New Guinea.

Preparations for Independence. Before Somare had formed his government in 1972, Australia had established a position on the administrator's staff to handle the transfer of power. By June 1972 Somare had announced the establishment of an all-party Constitutional Planning Committee (CPC) to make recommendations on Papua New Guinea's system of government, central-regional-local relations, control of the public service, relations with Australia, a bill of rights, minority protection, and citizenship. Somare was ex officio chairman, and Father Momis of Bougainville served as deputy. Because of Somare's preoccupation with the running of the government, Father Momis came to be identified as the leader of the CPC.

A wide debate over the future of Papua New Guinea resulted as the CPC addressed more than 2,000 meetings in more than 100 centers across the country. By May 1973 it was decided that all powers over domestic affairs would be transferred from Australia to Papua New Guinea by December, that the CPC's final report would be tabled in the House of Assembly for adoption in April

1974, and that the stage would be set for independence in September 1974. The date of self-government was met, but the debate over the constitution consumed one more year than expected, and independence was delayed until September 1975.

The main causes of contention in drafting the constitution were provisions relating to citizenship, the head of state, and the structure of provincial government. The issue of citizenship provoked the most intense debate, the CPC arguing that citizenship would be automatically granted only to those persons having at least three indigenous grandparents. This clearly excluded children of mixed Australian-Papua New Guinea heritage. Somare was able, however, to arrange a compromise requiring only two indigenous grandparents. The CPC report also provided that residents who had accepted a foreign citizenship and even mixed-race people who had accepted a foreigner's salary and status were to wait eight years before naturalization. This was intended to give those who had not benefited from preferential treatment under the colonial government a chance to gain sufficient experience to compete on a more equal basis with those who had been given such opportunities. Somare was able to have this altered to offer provisional citizenship for those having eight years of continuous residence.

The debate over the head of state was difficult and prolonged and was bound up in the attempt to decentralize the government apparatus. Essentially, the CPC called for the prime minister, the Speaker of the national legislature, and the chief justice to share the functions of head of state and for each province to have its own premier and legislature and control its own public service. The government expressed concern over whether the central government could exercise effective control in such a situation and suggested that the head of state be a president elected by the national legislature. The matter was resolved when it was decided that Papua New Guinea would join the Commonwealth of Nations at independence and that the British monarch would become titular head of state. A governor general was to be appointed on the advice of the government, and in July 1974 Guise was elected by the legislature as first governor general of Papua New Guinea.

The debate over decentralization focused almost entirely on the attempt to legislate measures for provincial government in Bougainville. The breakdown of talks with the Bougainville secessionists in mid-July 1975, however, made it futile to continue discussion any further. If a deal could not be struck with Bougainville, a large part of the motivation for establishing provincial gov-



*Children holding the national flag
Courtesy Government of Papua New Guinea*

ernment was removed. One week after the talks broke down, the House of Assembly moved for Independence Day to be set for September 15, 1975. In the interim the various chapters of the Constitution were passed, and the Constitution was formally adopted.

Postindependence

Perhaps the most significant development during the first year of independence was the settlement of the Bougainville crisis. Bougainville's leaders had set September 1, 1975—two weeks before Papua New Guinea's planned independence—as the date on which Bougainville would secede as the independent state of the North Solomons Republic. They sent Father Momis to present their case to the UN, but he received no encouragement there. In response, just after independence, the Papua New Guinea government abolished the Bougainville provincial government, freezing its assets and trying to isolate its leaders. In late

1975 and early 1976 the Bougainvilleans moved toward violence, and Somare was put under intense pressure to respond in kind with the armed forces. In August 1976, however, Somare and a few trusted advisers flew to Rabaul, where they were able to avoid a final violent confrontation and work out a satisfactory agreement with the Bougainville representatives. This amounted to giving a newly established provincial government local taxing power sufficient to provide for community schools and recreation and local and village government and courts. In addition, the provincial government received a say in the management of major resources. Bougainville, or North Solomons, as was its preferred name, was given a grant of K5 million (for value of the kina—see Glossary) to establish the provincial government, to which Alexis Sarei was elected premier.

This led to high expectations in other provinces that they too could establish local administrative bodies, and the August 1976 budget—the first after independence—included provisions for a number of individual grants to the provinces, at K50,000 each, to initiate planning for their respective provincial governments. An additional K100,000 was provided to each to pay for rural development projects, and in January 1977 the budget allotted to all provinces 1.25 percent of the value of their exports.

Father Momis was given the portfolio for decentralization after the 1977 elections to the legislature—renamed the National Parliament at independence. Organic laws and the necessary amendments to the Constitution to allow for provincial government were passed shortly thereafter. By late 1977 nine of the 20 provinces had interim or fully elected provincial governments in operation, and the Somare government fully supported decentralization. At the same time, Father Momis, who had done so much to promote provincial government, became concerned about allegations of financial mismanagement in certain provinces and prepared legislation giving the National Parliament the right to suspend provincial governments.

The Pangu Party organization had weakened somewhat by the 1977 elections, but Somare himself retained sufficient power to help selected Pangu Party candidates, and he campaigned widely. Of the 82 candidates the party endorsed, 38 won seats in the National Parliament. People's Progress Party leader Julius Chan was able to capitalize on his role in keeping the national currency hard—retaining its value even after Australian devaluation. His party increased its representation in parliament to 20. Guise resigned as governor general to campaign and was succeeded by another Papuan, Tore Lokoloko. The United Party sought an al-

liance with Guise as its leader, giving rise to rumors of an anti-Somare coalition. Somare prevailed, however, assembling a coalition with the People's Progress Party, nine independents, and two members of a regional party in the Gazelle for a total of 69 supporters.

The contradictions within the opposition were significant. The opposition consisted of secessionists from the Papua Besena Party, regionalists such as John Kaputin, and members of the United Party, which continued to be staunchly committed to national unity. The opposition was also split between radicals and conservatives, and certain of its members had strong personal animosities.

Similar divisions also were apparent to a lesser degree in the ruling coalition. The Pangu Party was more radical than its partner, the People's Progress Party, and within the Pangu Party itself there was a strong division between radical and moderate wings. Lacking the cement of a cohesive ideology, portfolios were again divided by party; the cabinet was then expanded to 22 ministries to allow for the broadest regional basis.

In 1978 tensions within the ruling coalition were heightened when Father Momis and some of the more "radical" members of the Pangu Party convinced Somare to propose restrictions on the financial activities of ministers, senior public servants, and other officials in order to control apparent conflicts of interest. Somare's coalition partner, Chan, criticized the measures as being too severe, and the new opposition leader, Iambakey Okuk, asserted that the measures were contrary to Highlander views of leadership, which required that "big men" (traditional leaders) be wealthy and involved in business. Somare eventually withdrew the proposal but thereafter consulted less with the People's Progress Party and later even downgraded its portfolios. In November 1978 Chan withdrew his party from the coalition. Somare then moved to co-opt part of the United Party, offering to give the faction five portfolios if it would enter the coalition. Once again he was able to defeat a vote of no confidence, although at the price of losing some of his most talented ministers, who were members of the People's Progress Party.

Somare at times had indicated his desire to give up the ceaseless and exhausting task of trying to keep the governing coalition together and to run the country. A number of cabinet ministers habitually defied directives, and politicians from the various parties engaged in continuous scheming to form a new government. His problems grew severe in 1979 and early 1980. The left wing of the Pangu Party sought to see one of its members replace him,

and the opposition strove to recruit parliamentarians to form a new coalition while mounting a systematic attack against alleged government inefficiency, corruption, and waste. A breakdown in law and order in the Highlands in 1979 resulted in the government's promulgating emergency decrees that were interpreted as anti-opposition because the opposition had strong Highlander support. In another incident the justice minister, who had challenged the authority of the Supreme Court, was sentenced to eight months in jail for contempt, only to be released by Somare—upon which four of the seven Supreme Court justices resigned.

In January 1980 Somare again reshuffled the coalition, dropping one minister and changing the portfolios of Father Momis and Kaputin. As a result, a majority of United Party members as well as Father Momis and Kaputin left the government, the latter two forming a new party called the Melanesian Alliance. Composed of seven members from North Solomons and East New Britain provinces, the Melanesian Alliance then began negotiations with the opposition to form a new government.

On March 11, 1980, Chan took over as prime minister, defeating Somare by a vote of 57 to 49 in the National Parliament. Okuk became deputy prime minister. The new coalition was largely drawn from groups having regional bases (the Melanesian Alliance, the Papua Besena Party, and the National Party) plus a number of dissidents from the former coalition, including the People's Progress Party and part of the United Party. No attempt was made to designate a minister from each province, but the coalition achieved good regional balance. Party discipline, however, remained weak.

International economic decline undermined the hopes of the new government, which became associated in the public mind with low copper, copra, and cacao prices and slightly declining Australian grants. Chan was unable to control his unruly deputy prime minister, Okuk. The purchase of a ministerial jet for K6 million was a highly unpopular move in the increasingly difficult economic situation. Chan, however, was viewed effective as a consensus leader and was praised as well for fiscal responsibility under pressure. The Chan coalition did badly in the 1982 elections, all coalition partners except the Melanesian Alliance losing strength. A new party, the Papua New Guinea Independent Group, was founded and led by former defense minister Ted Diro. The campaign revolved around Somare, whose better organized and financed Pangu Party won 50 seats. The Melanesian Alliance won eight seats, but two members later defected to the

Pangu Party in the postelection coalition-building process. The Papua Party won three seats; the Papua Besena Party disappeared. The People's Progress Party held 14 seats, the National Party 13, and the Diro-led independent group seven.

On August 2, 1982, Somare was elected prime minister, defeating by a vote of 66 to 40 the outgoing coalition's nominee, Father Momis. The new government was composed of the Pangu Party, independents or independent-Pangu members, and the United Party. The opposition was led by Diro and was composed of Diro's independents and members of the National Party, the Melanesian Alliance, the Papua Party, and the People's Progress Party—the last maintaining an independent position from the formal opposition. The new government received the first unambiguous mandate from the people of Papua New Guinea in a decade—perhaps the first true mandate ever.

The Social System

The 1980 census enumerated a total population of 3,006,799. The rate of increase was estimated at 2.8 percent per year over the 1980–85 period. Although complete population data were not available as of mid-1984, it was estimated that approximately 45 percent of the population was under the age of 15.

Over 98 percent of the population were indigenous Melanesians, the remainder being made up of expatriates—mainly from Australia, Britain, and New Zealand—and small communities of Asians, Polynesians, and Micronesians. The Australian influence was noticeable, especially in urban areas where social clubs and sports teams—rugby and Australian rules football—were common.

The estimated rate of urban growth has ranged from 6 to 10 percent annually since the mid-1970s. Many migrants could not find employment, and shantytowns have grown up around all major urban centers. Services were being extended slowly to these settlements, but urban development has been held up by the refusal of landowners to sell land to the government. Increasing urban crime rates have been blamed on urban overcrowding. For the most advantaged level of society, however, the towns continued to offer the best living conditions, services, and educational facilities. Under these circumstances educated Papua New Guineans were increasingly drawn to them and were fast forming a new urban elite.

Traditional Society

Most scholars believe that the Melanesian population can be divided into two linguistic groups. The first comprises descendants of the original Australoid migration who speak one of a number of languages—grouped into a catchall category called Papuan—that have become so diversified that no relationships to any other past or present-day language can be distinguished. The second group is formed by descendants of later migrants who speak languages belonging to the Austronesian language family. Generally, most Papuan speakers are found in the New Guinea Highlands and most Austronesian speakers in the coastal areas and the islands, but exceptions to this pattern are common. There has been considerable mixing of the groups, and the divisions are often not clear-cut and by no means coincide with clearly defined cultural distinctions. In the minds of most of the nation's residents, the most significant question in dividing the population is not what language one speaks but whether one is a Highlander or a coastal dweller.

Customs and traditions vary from region to region and often from village to village, making it impossible to make generalizations that hold true everywhere. Within the wide variety of traditions; however, repetitive patterns do exist. A vast majority of the population have a tradition of living in settled rather than nomadic communities. In the traditional society most are grouped into small, discrete political units that display little in the way of complex or permanent organization. Although trade, intermarriage, and warfare have created relationships between residents of different communities, most persons feel a common bond only with fellow residents of their own villages, who are usually connected by ties of kinship, language, and right to use settlement land. Suspicion of those outside the community of birth has historically been great and has presented an obstacle to developing a sense of national unity.

Traditional societies tend to be male-dominated and polygamous, women holding low status and often being viewed as a kind of property. Among urban elites, especially in Port Moresby, patterns of male dominance were slowly retiring, however, in the mid-1980s. Several female members of parliament have wielded considerable political influence, and although they were still few in number, women were beginning to enter the professions and middle-management levels of government. The country had an active national council of women, which had functioning chapters in a few of the provinces. The Young Women's Christian Association has been active in Port Moresby and a few

other cities. Among a few groups, matrilineages have exercised considerable power, especially over the disposition and use of clan land.

Except for a few very rare exceptions, achievement rather than birth is recognized within the traditional society as the primary qualification for political leadership. Villages and clans are usually dominated by a "big man" or a group of big men, who are sometimes hereditary chiefs but more often individuals who have attained power and influence through ownership of property. Big man status could also be achieved by the traditional clergy or cult leaders and by those having leadership positions in such institutions as agricultural cooperatives, trade unions, local councils, the police, the army, and the public service. Although in practice most societal groupings decide important matters by consensus, big men have usually played a major role in shaping the outcome. Structures such as these have tended to be hidden in Port Moresby and other urban areas but nevertheless exist and are potent elements of the social order.

An important element of traditional culture that continues to permeate the modern sector is the *wantok* system. *Wantok* (meaning one-talk or common speech) by extension refers to a clansman, relative, or friend. The *wantok* system involves people in an intricate network of rights and obligations extending well beyond the family. For a person who has progressed materially, the *wantok* system creates an obligation to assist other members of the group with gifts, money, housing, or jobs. The system is fundamental to the entire social system and provides individuals with important emotional, financial, and physical insurance.

More than 700 languages are spoken in the nation. After World War I the Australians attempted to create a common language form by designating Motu—a Papuan language widely used in the Port Moresby area—as the official language of the Territory of Papua. Usage fell off with the advent of World War II. An earlier attempt in German New Guinea to create a common medium of communication proved more successful. It involved the introduction of pidgin, which is an artificial medium composed of a mixture of English, German, and Malay words using indigenous syntax. Pidgin has tended to supplant Motu in recent years; an estimated 500,000 people used this simplified speech in the early 1980s. English is spoken by the relatively small but growing group of educated Papua New Guineans.

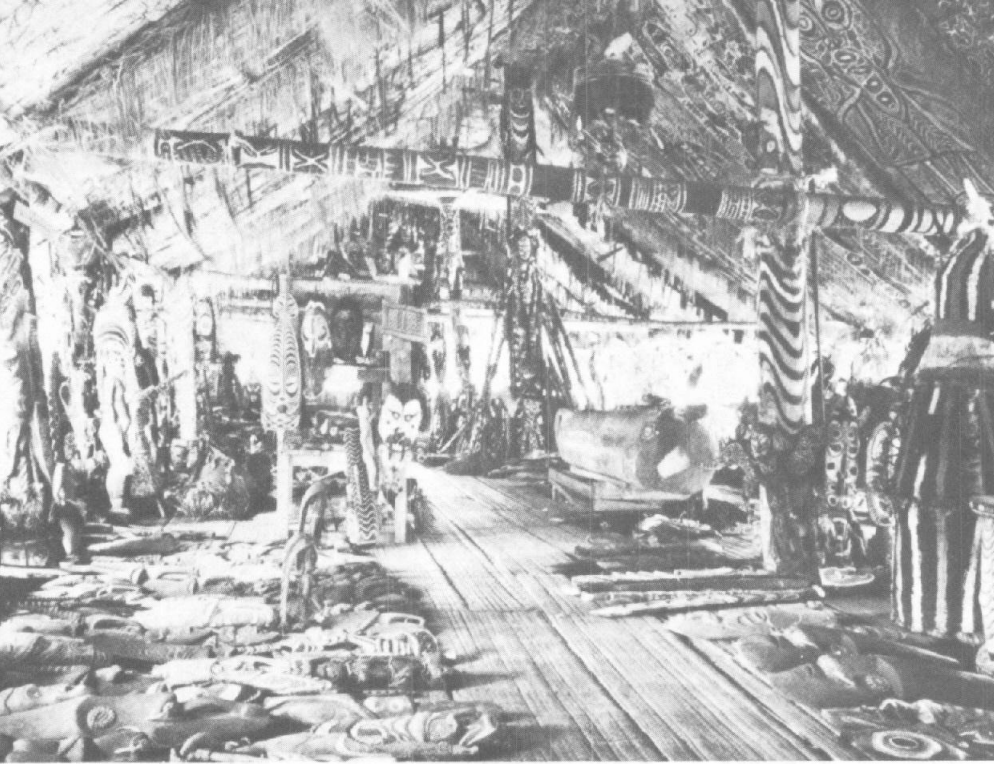
Religion

Before Western contact, villagers inhabited a universe in which they formed an integral part of the natural environment and did not distinguish between what Westerners would call objective reality and illusion or imagination. Feeling themselves subject to forces they could not control, they sought to use the traditional power of magic to ease their way. In many groups each natural element was seen to have its own creator, and only with the help of the proper deity would crops grow, enemies be avoided or destroyed, or trading expeditions succeed. To tap this power one had to use the correct rituals taught by the deities in ages past. The spirits of ancestors continued to live side by side with the living, bound to the ancestral lands and guiding the affairs of the current generation. Even the proper rituals could be thwarted, however, by others' use of sorcery. Should any harm come to a villager or his kin by sorcery or other means, a "payback" response to either the perpetrator or his kin would be called for to avenge all injuries. This sometimes resulted in a chain of retribution and counter-retribution that could last for generations until a settlement, marked by a ceremonial gift exchange, could be reached.

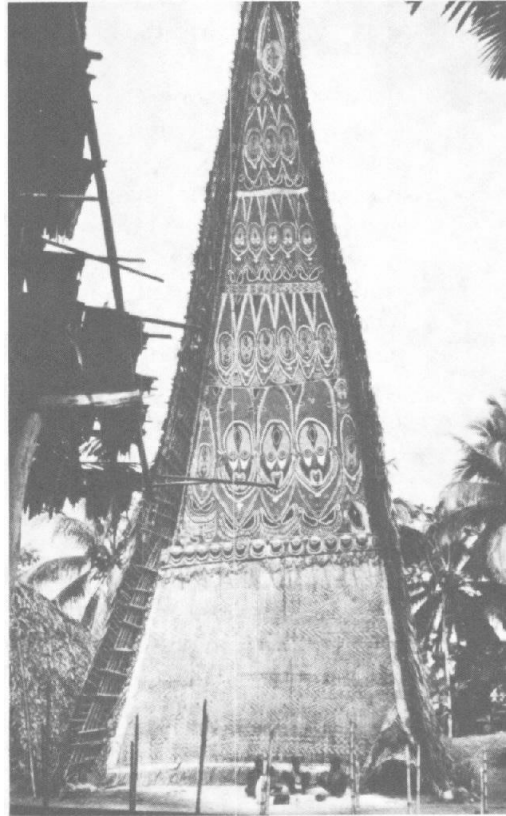
Conversion to Christianity—over 95 percent of the population was estimated to be made up of professing Christians as of 1980—has had a profound impact on the nation. This was evident not only in religious affairs but also in secular matters. Missionaries—both Catholic and Protestant—were the single most powerful force bringing Western ideas and culture to local inhabitants. In many areas mission schools, clinics, hospitals, and social welfare organizations were the only institutions available well into the 1960s.

Christianity. The London Missionary Society began work in the southern half of the main island in the 1870s, eventually establishing a training school at the mouth of the Fly River. By 1890 Methodist missionaries were active on New Britain, New Ireland, and the main island. Methodists entered the Highlands as they were opened up in the 1930s. Lutheran missionaries began work in German New Guinea in 1886. The initial German effort was later augmented by Lutheran missions from the United States and Australia. A mission of the Missouri Synod Lutheran Church established the Wabag (Good News) Lutheran Church in the Highlands among the Enga peoples in 1948.

During the early 1980s Lutherans made up the largest Protestant denomination in the nation. They were followed by the



*Spirit houses in the
Sepik River area
provide a glimpse at
the vividness of
indigenous religion.
Courtesy Government
of Papua New Guinea.*



adherents of the United Church of Papua New Guinea and the Solomon Islands, which was formed in 1968 as a union of Presbyterian, Methodist, and other groups. Numerous other denominations and interdenominational faith missions were also present, including the Anglican church and the Seventh-Day Adventists. Protestants accounted for about 56 percent of all professing Christians.

Roman Catholic missionaries first arrived in the Bismarck Archipelago in 1847 but made few inroads until the arrival of the Sacred Heart missionaries in 1881. In 1889 they established the vicariate of British New Guinea. By 1980 there were three archdioceses and 11 dioceses as well as an additional diocese on Bougainville that also served parts of the Solomon Islands. Indigenous vocations were still weak; the first indigenous priest was not ordained until 1937, and he later became the first indigenous bishop. In 1970, the latest date for which figures could be located, there were only 15 indigenous priests but 475 expatriate priests. Catholics accounted for about 32 percent of professing Christians in 1980. A major event for the Roman Catholic population was a papal visit in early 1984.

Cargo Cults. A long series of movements that combine traditional religio-magic elements with Christian and Western secular themes have been collectively referred to as cargo cults because their adherents believed in the imminent arrival of some tangible goods or "cargo." Such movements were first observed in the late nineteenth century in areas experiencing a serious disruption of traditional life, usually caused by the impact of Western culture. They were especially prolific in areas where military campaigns occurred during World War II. More than 115 distinct cults had been identified by the mid-1970s. Cargo-thinking has continued to be endemic in many areas of the nation and promises to remain so until economic development, education, and improved communications expose the villagers to the outside world and help them understand that there are no shortcuts to Western knowledge and possessions.

Cargo cults have as their objective the betterment of traditional groups through the acquisition of Western technology, goods, and wealth through magic means. They are often messianic or millenarian in character, prophesying a future event that must be prepared for in advance. When that event does not take place, the cult usually subsides, sometimes to resurface under new circumstances. Cargo cults are characterized by ecstatic singing, dancing, communal meals, and spirit possession. Adhe-

rents may experience auditory and visual hallucinations.

Although Western observers have often regarded cargo cults as a temporary aberration, they are in reality a manifestation of the fundamental sense of deprivation and inadequacy experienced in the face of the superiority of Western possessions. Cargo cults also reflect an incapacity to comprehend how such possessions—or cargo—were obtained or made. Under these circumstances cultists reach the conclusion that they have been deprived of such possessions through either some original sin, accident, a conspiracy by whites, or a combination of all three. Assuming that such gifts come from the deities, cultists conclude that cargo would be forthcoming if one knew and performed the proper rituals. These rituals have taken the form of singing together (in emulation of hymn singing), writing (making out invoices), and a variety of other devices. When these fail, frustration can be extreme, often resulting in violence.

Education and Health

Providing adequate educational opportunity has been a priority of the government since independence. The educational plan of 1976 set a goal of providing all children with six years of primary education and between four and six years of secondary education. The 1983 budget allocated 19 percent of total public expenditures to education—an amount equal to 5.4 percent of the gross national product and 50 percent higher than expenditures in 1979. The preindependence system, however, was a totally inadequate framework on which to build—many areas relied almost entirely on mission schools. Despite having made considerable progress, the government had been unable to meet its goals as of 1984.

The school system was controlled by the government through the Department of Education and embraced government schools and those local and mission schools that met acceptable standards. The government provided salaries for all certified teachers, whether from missions or public schools. It also provided classroom supplies and subsidized approved building programs for high schools, technical colleges, and teachers colleges. In the early 1980s almost 11,500 teachers were employed by the government, including about 1,300 expatriates, most of whom taught in national high schools.

Children began primary education at age seven. In 1982 total enrollment at this level was 319,000, but rates of attendance varied across the nation, averaging 64 percent in 1980. In major cities

virtually all eligible children were enrolled in primary schools; in other areas enrollment varied from 7 percent in Eastern Highlands Province to 50 percent in East New Britain Province. Government plans called for 92 percent of seven-year-olds to be enrolled by 1985.

Ideally, primary-school children passed into one of the nation's 94 provincial high schools, but as of 1982 only 13 percent of the eligible age-group attended such schools. Qualified students then attended one of the four national high schools (senior high schools) located at Sogeri, Passam, Aiyura, and Keravat. In 1982 about 1 percent of the eligible group did so.

Tertiary education was available at the University of Papua New Guinea at Port Moresby, which opened in 1966, and at the University of Technology at Lae. The Vudal Agricultural College on New Britain offered a three-year course in which students spent one year at agricultural field stations. Nine teachers colleges, two run by the government and seven run by missions, trained primary-school teachers. Secondary teachers trained at the Goroka Secondary Teachers College—a part of the University of Papua New Guinea. There were also more than 140 technical, vocational, and other specialized training schools. Many Papua New Guineans went abroad to take advantage of advanced and specialized training—most to Australia but some to New Zealand, Fiji, the United States, and Western Europe. The government faced a major challenge in providing sufficient employment opportunities for the educated.

The Ministry for Health administered government hospitals, clinics, and public health facilities. It also coordinated closely with church missions that provided health services and hospital care. Four major hospitals—at Lae, Port Moresby, Goroka, and Rabaul—provided specialized care facilities on a regional basis and also served as centers of routine care for their provinces. Each of the remaining 16 provinces had its own provincial hospital; many of these had been established since the early 1970s. A Lutheran mission hospital provided care for Enga Province, and the Bougainville copper mine established a hospital at Arawa that served North Solomons Province. Hospital charges were based on ability to pay; most persons were treated for free or a nominal fee.

The government has instituted a major malaria eradication program, which entailed the establishment of malaria-free areas and reached approximately 60 percent of the population in the early 1980s. Malaria remained a serious national health problem, however. Other prevalent diseases included tropical ulcers,

tuberculosis, and leprosy, but the incidence of the latter two appeared to be dropping. It was estimated that during 1980 life expectancy averaged 50.6 years and that the 1983 infant mortality rate was 95 per 1,000 births.

The Economy

For centuries the people of Papua New Guinea were engaged almost exclusively in subsistence agriculture, fishing, hunting, food gathering, and the production of handicrafts. A few animals, such as pigs and dogs, were domesticated, and some small-scale trading for ornaments, specialized foods, canoes, and other traditional goods took place. In the mid-nineteenth century, Europeans were attracted to the islands for their tropical forest products, especially copra and cacao, and large plantations were developed. Village production was also encouraged to meet growing European needs. The next hundred years saw the development of a plantation economy dependent on copra, cacao, rubber, tea, and coffee. Minerals exploration was also inaugurated, and the country experienced gold rushes in the 1880s and 1930s that presaged the importance minerals were to have in the country's future. Much of the plantation economy was destroyed during World War II but was rebuilt during the 1950s and 1960s. Australia made increasingly large budgetary transfers to pay for the cost of a growing government administration, which was engaged in a major social, economic, and political transformation of the islands in preparation for eventual independence. Small-scale manufacturing and commerce and massive enclave mining were added in the years prior to independence.

These relatively recent developments, however, should not obscure the poor underlying economic base of Papua New Guinea. In 1966, for instance, some 940,000 people were still wholly dependent on subsistence activities for their livelihood. Some 790,000 had moved from total reliance on subsistence agriculture to a mixture of cash cropping of tree crops and subsistence agriculture; 420,000 were entirely or mainly engaged in cash cropping. Fewer than 125,000 Papua New Guineans were in the "wage" work force. Nearly two-thirds of Papua New Guinea's economic activity at the time was sustained by Australian government spending and grants-in-aid that totaled almost \$A100 million annually. Most aspects of the modern sector were under expatriate control.

In 1968 the Australian administration published a five-year plan that called for maximizing the economic development of

Papua New Guinea. The emphasis on rapid economic development per se was criticized by several Australian economists as a policy that would inevitably minimize the role of Papua New Guineans and maximize expatriate control over the economy. The policy's critics estimated that at the end of the plan some 52 percent of all commercial agriculture, 90 percent of all commerce and industry, and practically 95 percent of business profits would remain in the hands of foreigners and that by 1980 the situation would not be changed greatly.

Australia, however, was faced with the practical problem of establishing the economic foundation for an independent Papua New Guinea, and time was running short. Consequently, the Australian administration entered into an agreement in 1967 for the establishment of a massive expatriate-managed copper project (Bougainville Copper). Although causing political difficulties, the mine produced considerable income. By 1978 some 20 to 25 percent of GDP came from this one copper mine, an indication of the project's commercial success.

From 1972 to 1976 the first "national government" formed by Somare, with the aid of Australian advisers, established strong economic institutions and policies. These included a planning office, a budget priorities committee, budget controls, the Central Bank in Port Moresby, international accounts, a new national currency, a clear reserve position, exchange regulations, and policies and institutions devoted to development and foreign investment. All this progressed simultaneously with the localization of the public service.

The country was fortunate to receive generally high international prices for its major export commodities from 1975 to 1978. The Australian government agreed as well to provide the equivalent of about US\$250 million annually in aid. Decisions taken to keep the currency hard in order to combat inflation, to maintain government expenditures at sustainable levels, and to establish commodity stabilization funds when prices were high later minimized the impact of the worldwide economic recession of the early 1980s.

The recession caused worldwide commodity prices to plummet; copper prices dropped to their lowest levels in 30 years. In the late 1970s copper sales had accounted for about 15 percent of GDP but by 1982 represented only 6.5 percent. Between 1981 and 1982 the revenue to the government from the Bougainville mine fell by K42 million. Meanwhile, the prices of agricultural exports decreased by one-half from their levels of the late 1970s.

In response to these adverse developments, the government

announced in 1981 a number of incentives to stimulate agriculture, including investment incentives, the provision of management services to smallholders, and regulations to secure land tenure for foreign owners of plantations. The commodity stabilization funds provided a source for price subsidies. In the 1983 budget, expenditures were cut by 3 percent from the previous year, and new sources of revenue were developed. The country was able to limit a scheduled 5-percent reduction in Australian aid to 2 percent through 1985. The government also borrowed moderate sums from overseas and benefited from foreign investment in a major new copper mine at Ok Tedi in the Star Mountains. The economy thus survived the recession of the early 1980s with relative ease.

The economy of Papua New Guinea may be divided into the subsistence sector; the primary sector (commercial agriculture, forestry, and fishing); the government sector; industry (including mining); and finance, commerce, and other services. The subsistence sector, which is extremely difficult to estimate in market terms, probably accounted for 15 percent of GDP in 1982, although it employed some 50 to 60 percent of the labor force. Part of the population, however, was involved in both the subsistence and the primary sectors. The latter accounted for perhaps 20 percent of GDP and about 25 percent of the labor force. The government or public sector amounted to some 25 percent of GDP; mining accounted for 17 percent. Investment at the new Ok Tedi mine alone contributed about 10 percent of GDP in 1982, and production from the mine was expected to add 12 percent of GDP by 1987. A variety of services produced the remainder of GDP.

The real GDP increased at the impressive rate of over 8 percent per year during the 1968–74 period, stagnated until 1976, averaged 7.7 percent growth in the 1977–78 period, dropped sharply in 1979, and stagnated in the early 1980s. The government believed, however, that it could maintain an average growth rate of 6.3 percent through 1987, and already there was some improvement in the preliminary data for 1983.

The country had a population of slightly over 3 million in 1982, and its per capita GDP was equivalent to US\$820. This relatively high level of income was deceiving, however, because most of the people still lived at, or just above, the subsistence level. Income from expatriates and foreign-owned enterprises further distorted the picture. Estimates for 1976 suggested that one-half of the population in the subsistence sector had incomes of about US\$150 per person. By 1982 the average may have reached US\$275. In addition to large regional disparities, na-

tional income data suggested that there was little, if any, growth in the per capita income of Papua New Guineans during the 1970s, and the stagnation of the early 1980s may well have resulted in a real decline of 2 to 3 percent.

Between 1972 and 1976 real minimum wages more than doubled because of several generous decisions by the Minimum Wages Board that gave the country the highest wage costs among the developing nations of the Pacific. Subsequently, the rise in public and private wages has been limited to increases in the consumer price index. Annual price levels rose an average of 7.5 percent per year during the 1977–82 period and 6.2 percent in 1982. The devaluation of the kina and the Australian dollar in March 1983 may have caused prices to jump 10 percent. Under the current wage agreement, however, only the first 5-percent change in the price was subject to compensation; real wages may therefore have fallen by 5 percent in 1983.

Formal wage employment grew from about 180,000 people in 1976 to about 218,000 in 1980. Of these, about 53,000 people were employed in agriculture, forestry, and fishing activities; 30,000 in public services; 32,000 in community, business, and social services; 20,000 in commerce; 24,000 in manufacturing; 18,000 in construction; 12,000 in domestic services; 9,000 in transportation; 5,000 in mining; and the rest in other services. Formal employment grew by 1 percent during the 1972–76 period and by 5 percent per year through 1980. Since then, employment has fallen sharply in the primary sector and in construction. In the first nine months of 1982 overall employment fell by 9 percent.

Papua New Guinea will be faced with significant employment problems in the future. It was estimated that no more than 10 percent of the 400,000 potential additions to the labor force in the 1980s could be expected to obtain formal sector employment. An increasing number of high school graduates would be unable to find formal employment, and it was unlikely that they would willingly return to the traditional subsistence economy. Furthermore, urban areas were becoming zones of critical unemployment as youth moved to the towns in hopes of bettering their lives. The 1980 census and other data indicated that the proportion of the urban population earning wages and salaries may have fallen from 54 to 28 percent from 1966 to 1980. If these tentative figures proved accurate, the impact on family life, health, and general living conditions in the cities would be devastating.

Economic Planning and Policy

The government's national development strategy sought to improve the quality of life for Papua New Guinea's predominantly village population and focused on rural development in the less developed areas of the country. A second objective was to reduce the heavy reliance on Australian aid by developing a few large natural resource projects. The first goal recognized that for generations the people would continue to rely on the agricultural sector for their livelihood. Revenues from enclave mining were to provide resources for the financing of development programs. To carry out this dual strategy the government established an annual National Public Expenditure Plan (NPEP), a rolling four-year plan for the public sector to link the planning process with overall economic policy. The first NPEP in 1978 accounted for only 4 percent of budget expenditures, but by 1984 the NPEP covered more than 25 percent of the planned total budget expenditure.

Of particular concern has been the lack of growth in the agricultural sector. Major constraints to developing this important sector have been inadequate extension services, lack of finance, land laws that prevented the consolidation of inefficient smallholdings, the shortage of management talent, and old legislation designed to encourage the transfer of foreign-owned plantations to Papua New Guineans.

In order to attract foreign investment and revitalize the agricultural sector, the government decided in 1980 to suspend the Plantation Distribution Scheme, which had allowed for the compulsory purchase of foreign-owned plantations and their redistribution to Papua New Guineans. Other measures included generous depreciation allowances, permission to introduce piece-rate wages, and allowance for the transfer of estate land titles between expatriate owners under specified conditions. A line of credit was set up through the commercial banks from the Bank of Papua New Guinea to fund foreign-owned estates. The government was also considering developing joint ventures in which it would assume the complicated risks related to land titles from foreign investors. A special ministerial committee was set up in 1980 to develop a comprehensive agricultural policy.

Fiscal and Monetary Policy. Government and Central Bank policies have become increasingly conservative. The devaluation of the kina in 1983, though partially inflationary, was timed to boost export earnings and reduce imports. The decision to restrain wage increases was deflationary and was expected to increase job opportunities. In 1983 the government also decided to

cut its staff by 10 percent, restrain the growth of expenditures to 3 percent, and trim the cost of capital projects. Nevertheless, expenditures were projected at K731 million and receipts at only K622 million. Australian aid still composed nearly one-third of all government income. The commodity stabilization funds, moreover, were being depleted. In 1982 the funds paid out K7 million, and K167 million remained. The copra fund was in debt to the government.

Budget forecasts for the 1983–87 period called for expenditures of K3.1 billion, which included the repayment of principal and interest on public loans equivalent to 16.6 percent of total expenditure. Capital expenditures were to be 23 percent of the total. About K1.7 billion of the expenditures were to be paid for from tax and other revenues. Some 62 percent of the forecast resource gap of K1.4 billion was to be met through the Australian budgetary grant, about 24 percent from overseas and domestic commercial loans, and the rest from overseas concessional loans.

The government has mandated several important statutory commercial enterprises, the major enterprise being the Electricity Commission, Air Niugini, the Harbors Board, and the Post and Telecommunications Corporation. Budget expenditures for these four authorities were K209 million in 1981. In 1983 the government expected them to transfer profits of K18 million back to the government. Both the airline and the electricity commission generated profits in 1981, but the profitability of all four depended partly on high tariffs that adversely affected consumer costs.

The government's monetary policy turned restrictive in the 1980s. The narrow money supply decreased in 1981 and 1982, while the broad money supply rose by 8 percent and 5 percent, respectively. Commercial bank lending rose by 12 percent in 1982, but new lending commitments by the Papua New Guinea Development Bank fell sharply. Prime interest rates dropped by 2 percent in 1982 to 12.5 percent but were still high in comparison with inflation. In 1983 the government planned to increase the broad money supply by 7 to 10 percent and bank lending by around 13 percent.

Land Policy. Clan groups held 97 percent of the land of Papua New Guinea under complex customary ownership and usage rights that varied among the country's 700 ethnic groups. Ownership rights were normally acquired through birth, but acquisition of land by purchase had become an established custom in a few areas. Land use must be distinguished from landownership; most

land was owned in common by the ethnic group, while usage rights for individuals within groups varied greatly. A further distinction was often made regarding the trees or fruits of the land, which were considered the property of an individual or family and in some instances of the extended group. Under the practice of shifting cultivation (see Glossary), no requirement existed for clear title to land plots. Smallholders, who accounted for about 50 percent of the area under cash cropping, used customary land and still generally did not own their own land. Disputes over usage and ownership were common and hampered agricultural productivity in some areas.

European contact, especially in those areas formerly under German control and in Papua prior to 1906, resulted in considerable alienation of customary land and its transfer to freehold title held by Europeans. Following World War I the Australian administration established the principle that no new freehold land was to be granted to expatriates. In the period prior to independence, some traditional groups insisted on the return to them of lands that had been alienated by foreigners, causing considerable tension and conflict. The Land Commission was established immediately prior to independence to review all land issues in Papua New Guinea. It concluded that freehold titles held by expatriates should be converted statutorily into government guaranteed leasesholds, generally without compensation to the freeholders. Freehold land held by Papua New Guineans was to be converted to group titles. The government was urged to acquire alienated plantations in land-short areas, by compulsory means if necessary, and then to return them to adjacent communities. Legislation was enacted subsequent to 1973 to carry out the recommendations of the Land Commission. Some 70 European plantations (out of some 1,200 plantations in the country) were acquired by the late 1970s. Although individual ownership of land by Papua New Guineans was not encouraged, the government did enact legislation to provide titles to various groups for the customary land they held and to define customary rights for land use. The principal objective of government land policy was to rationalize, strengthen, and revive traditional or customary land usage. The impact of the government's land policies, however, was to discourage long-term capital investment from abroad. Without reversing its basic policy, the government was providing new incentives for foreign investors in agriculture in the mid-1980s.

Agriculture, Forestry, and Fishing

Papua New Guinea's agricultural sector consisted of two overlapping components: a traditional sector producing subsistence crops and a relatively modern sector producing commercial crops. Traditional agriculture was based on gardens established on customary clan lands. Clearance of trees (ax work) was traditionally done by men, and women took charge of other agricultural and food preparation tasks. Land use varied greatly, and no firm rule stipulated whether plots were organized by individuals, families, or larger clan elements. Perhaps 80 percent of the people relied on the vegetables they grew for food.

From 4 to 5 million tons of vegetables and fruit were produced annually on some 250,000 hectares of customary land. Sweet potatoes were a staple food in many areas and may represent 40 percent of the total vegetable production. Sago was the staple starch for perhaps 150,000 people living near great rivers and swamps, especially in the southern part of the country. Bananas, taro, yams, sugarcane, and coconuts were also important foods. Tomatoes, maize, citrus fruits, papaw, and peanuts were grown as well. Rice was grown on a small scale, and coastal villagers fished for food. The government has encouraged the production of vegetables and in 1976 established the Food Marketing Corporation to handle the distribution of vegetables and fruits throughout major centers of the country. Pigs and poultry were important in village life. In 1980 it was estimated that 20,000 tons of pork, 500 tons of poultry, and 400,000 dozen eggs were produced.

Papua New Guinea was the largest producer of copra and coconut oil in the South Pacific. The most important growing areas were the Gazelle Peninsula, New Ireland, Bougainville, parts of West New Britain, Manus, and the coast of Madang Province, although significant production also came from Milne Bay and Central provinces in the southern part of the country. About 50 percent of all copra was normally produced from village groves, while the remainder came from large plantations—many owned by expatriate interests. Estate production has dropped dramatically in recent years as expatriates have been unwilling to replant and make other capital investments in the face of changing land policies. Copra was marketed through the Copra Marketing Board, which collected a stabilization levy to be deposited with the copra stabilization fund. In the early 1980s the international market for copra was severely depressed. Consequently, there were large drawdowns on the stabilization fund, and by 1982 the government had to provide loan assistance to the fund. In 1982

Papua New Guinea exported copra and copra oil valued at only K25 million. Prices were beginning to revive in 1983, when exports reached K33.7 million.

After the Highlands were opened for settlement in the late 1950s, coffee production increased dramatically. It was the country's most valuable agricultural export in 1983, earning K94.77 million. More than 200,000 smallholders produced some 70 percent of the crop, and most production was in the hands of Papua New Guineans. The main arabica coffee-growing areas were in Eastern Highlands, Western Highlands, Simbu, and Morobe provinces. Robusta was grown widely but was concentrated in Central, Milne Bay, and Northern provinces. The Federal Republic of Germany (West Germany), the Netherlands, Britain, Australia, and South Africa were the principal purchasers.

Cacao was planted as an alternative to copra. Significant plantations were established in East New Britain, North Solomons, New Ireland, and Madang provinces. By the mid-1960s some 64,800 hectares were under cacao, but production declined subsequently because of the age of the trees and reduced production from estates. About 35 percent of cacao-growing areas required replanting, and the government has responded with a replanting program whose benefits will be felt in the mid-1980s. About 50 percent of production came from smallholder plantings. About K41 million worth of cacao was exported in 1983 to West Germany, the Netherlands, the United States, Australia, and Britain.

The government and a private corporation, Harrison and Crossfield, entered into a joint venture in 1967 to develop an oil palm industry in West New Britain Province. The idea was to establish a nucleus estate and to encourage and train adjacent smallholders to produce the palms. By 1974 the company had planted 3,700 hectares; 1,500 smallholders had planted 6,500 hectares. Two palm oil factories have been established for processing, and two other projects have been started—one in Northern Province and one in West New Britain Province. In 1981 exports of palm oil were valued at K14.2 million but in 1982 increased to K21 million.

The Australian administration encouraged the development of rubber plantations near Port Moresby, and the industry was well established by the 1920s. There were about 16,000 hectares in rubber, and production was at a level of 4,000 tons in 1979, valued at about K3 million. By 1981 production reached 4,500 tons, representing an export value of K3.4 million. Some 3,700 smallholders were engaged in production. Australia traditionally pur-

chases the entire crop.

Tea was introduced as early as the 1930s in Papua New Guinea. It was not until the establishment of a tea factory in Morobe Province in 1962, however, that the industry grew. The Morobe factory closed in 1973 but not before providing seed for some 10 plantations that had been started in Southern Highlands and Western Highlands provinces. By 1981 tea exports reached K7.1 million.

In the 1960s the Papua New Guinea government adopted a strategy to establish a limited number of large ranches, to be followed by the development of smallholder projects using cattle from the large ranches. The goal of developing a national herd of 300,000 head by 1980, however, had not been met. Ranch cattle stabilized at about 80,000 head and smallholder herds at about 46,000 head. In 1978 local production supplied only about one-third of local consumption, the remainder being provided by imports. Production was estimated to increase only about 20 percent through 1990.

Papua New Guinea was well endowed with forest resources; the area under forest cover was 36 million hectares in the early 1980s—more than 75 percent of total land area. Fifteen million hectares had potential commercial timber assets. Much of the timber was on clan-owned land, which often resulted in disputes over usage rights and ownership. To mitigate these problems the government has purchased timber rights from landowners and then issued timber permits to commercial companies. About 2 million hectares were covered by timber rights owned by the government; some 283,000 hectares were under license to the more than 60 companies operating in the country. Government policy has urged firms to use the entire production of the forest—timber, used chips, and pulp—and then to reforest cut areas to create a permanent industry. It has also encouraged the industry to phase out the export of unprocessed logs and to do more processing within the country. Exports have been growing at about 17 percent per year. By 1982 timber products were Papua New Guinea's fourth ranking export, reaching sales of K62 million.

Papua New Guinea's fisheries resources provided a considerable source of nutrition, income, and export earnings. In 1978 the country was one of the largest skipjack tuna exporters in the world. With the expansion of its fishing waters to the 200-nautical-mile EEZ (see Glossary) limit, the potential catch could reach 100,000 tons per year. However, the industry declined sharply in the 1980s. Fish exports decreased from K32 million in 1980 to K20 million in 1981 and K8.3 million in 1982. This reflected a de-

cline in demand for tuna, especially in the United States, which accounted for half of the world's consumption. A modest shellfish industry exported prawns and lobsters annually.

Industry and Infrastructure

The Bougainville copper mine, which went into production in 1972 after investment of more than US\$400 million, remained vital to the well-being of the economy in 1984. In the early 1980s reserves were estimated to be at least 944 million tons of ore having 0.48 copper content, bearing 15.83 grams of gold per ton. Bougainville Copper commissioned two new crushing mills in 1981 and 1982 and was able to increase production by 12.5 percent in the first year and by a further 3 percent in the next. Because of low international prices, however, revenues did not rise correspondingly. Faced with its lowest prices in 30 years, the company earned a profit of only K28.5 million before taxes and K11 million after taxes in 1982. Copper concentrates provided 68 percent of the nation's total export earnings in 1974 but declined to about 50 percent of earnings in 1980; export earnings have been rising since then.

Construction of the Ok Tedi copper and gold mine in the Star Mountains of Western Province under a consortium of the Papua New Guinea government (20 percent of the equity) and Australian, American, and West German private interests was scheduled to reach the first stage of completion in 1984. Production would begin with gold-bearing ores, and gold production could eventually peak at 19 or 20 tons per year. Copper production should begin in the late 1980s. Revenues from the Ok Tedi mine could equal those of the Bougainville mine.

The next major mining project will likely be a nickel-cobalt-chromite mine on the Ramu River in Madang Province; three foreign firms were assaying the area for potential nickel, cobalt, and chromite deposits in 1984. Investment costs for a mine there could exceed US\$1 billion. A number of other projects also appeared likely to materialize in the mid-1980s. A consortium of Australian, Japanese, and West German firms were conducting feasibility studies at a copper site on the Freida River that would be similar in scope to Ok Tedi, which is only 80 kilometers to the southwest. Also, gold production could commence by 1989 at a mine in Enga Province. Yet another gold mine was being developed at Lihir Island in New Ireland Province, where initial tests have uncovered 20 million tons of ore averaging 2.1 grams of gold per ton.

For a number of years oil exploration has been proceeding unsuccessfully. The situation brightened in 1983, however, when Niugini Gulf found significant reserves of petroleum and gas at a well in Western Province. Commercial exploitation was likely despite the fact that the find was located in difficult terrain.

The country's potential for hydroelectric power is high, but as of 1984 there was little use for electricity on such a grand scale. Nevertheless, some of the potential has been realized. There were four schemes in development in 1984, and others were planned for Port Moresby, Bougainville, and Ok Tedi. The Ramu River project, which cost K30 million to develop, had an installed capacity of 45 megawatts and would eventually have a capacity of 255 megawatts. Japanese and Australian interests were proceeding with a feasibility study for a 1,500-megawatt station and dam on the Purari River that was estimated to cost K700 million to develop.

Because of Papua New Guinea's difficult topography and poor road network, air and water transportation have played important economic roles. Air Niugini flew scheduled services to 18 airports, and small commercial operators served 133 smaller airports. Operation costs and rates were high. Overseas routes linked the country to Sydney, Brisbane, Cairns, Manila, Kagoshima, Jayapura, Honiara, and Hong Kong. The two main airports were at Port Moresby and near Lae. The country relied on its 18 relatively well-equipped sea and river ports and some 400 minor ports to handle international and coastal trade. In 1980 international cargo amounted to 3.7 million tons and coastal traffic to 800,000 tons. About 15 major companies serviced the larger ports; 170 smaller craft handled the coastal trade. The government's fleet of 61 vessels engaged in maritime transportation.

In 1982 the country's roads covered about 19,000 kilometers, of which 940 kilometers were paved. The national government maintained about 5,000 kilometers; provincial and local governments maintained the rest. Most of the roads were located in or near the major coastal towns and in Central Province, forming unlinked, regional grids. Conditions were poor because of inadequate maintenance and damage from overloaded vehicles. Accidents were common. The government was considering a project to improve the roads and enhance safety in 1984. In 1982 there were about 55,000 vehicles in operation, of which 38 percent were sedans and station wagons, 32 percent were light trucks, 15 percent were heavy trucks, about 6 percent were motorcycles, 5 percent were buses, and the rest were tractors.



*Two views of New Britain economy: market scene in Rabaul and Tolai farmers cracking cacao nuts
Courtesy Government of Papua New Guinea*

Communications were highly developed in 1984. The country was linked to Guam, Sabah in Malaysia, Hong Kong, and Singapore via the Seacom coaxial cable and to Australia, New Zealand, Canada, and Britain via the Compac cable. Transmission quality was good, and subscribers could dial their own calls to most Australian states. The country was connected to telex services throughout the world. Internal radio communication was provided through a system of centers linked to government or privately owned high frequency stations. The National Broadcasting Commission operated stations at Port Moresby, Rabaul, Madang, Goroka, and Wewak and was generally responsible for programs focusing on the better educated segments of the society. Provincial shortwave stations catered to local areas and tastes. Television was to be introduced in 1985.

Only 24,000 people were employed in the manufacturing sector in 1980. Much of the industry was devoted to producing items to substitute for the nation's many imports—especially food and drink, tobacco products, textiles, wood products, paper, printed matter, fabricated metal products, small ships, and repair services. The small internal market, low purchasing power of the population, and poor transportation network impeded the development of the sector.

Foreign Economic Relations

The modern sectors of Papua New Guinea's economy were based on the export of basic commodities and the import of nearly all capital goods and services. Exports fell in 1980, 1981, and 1982, by which time they were less than 75 percent of their 1979 value. In 1982 exports held their 1981 value following the appreciation of the dollar against the kina in 1982. Exports decreased from 44 percent of GDP in 1979 to 33 percent of GDP in 1982. Imports rose 1.8 percent to K751 million, while exports declined 0.5 percent to K563 million for a net trade deficit of K188 million.

Ranked in value in 1982, Papua New Guinea's major exports were gold (K172 million), copper (K119 million), coffee (K78 million), timber (K60 million), cacao (K32 million), copra and coconut oil (K25 million), and palm oil (K21 million). In 1982 the leading purchasers of Papua New Guinea exports were Japan (K183 million), West Germany (K141 million), Australia (K46 million), Britain (K32 million), and Spain (K25 million).

Imports by sector in 1981 were machinery and equipment (30 percent of the total value), manufactured goods (22 percent),

petroleum products (21 percent), and food and beverages (20 percent). Imports in 1982 remained at substantially the same shares. Petroleum products grew to 25 percent. Leading suppliers in 1982 were Australia (K309 million), Singapore (K110 million), Japan (K107 million), the United States (K64 million), and New Zealand (K41 million). The recent downturn in international oil prices benefited Papua New Guinea in 1983.

The deficits in the 1982 trade and current accounts were estimated to be almost US\$260 million and US\$471 million, respectively, and represented 11 percent and 21.2 percent of the GDP, respectively. Capital flows increased markedly in 1981 and 1982 to finance the Ok Tedi mine construction, but these capital flows did not cover deficits in the current account. Consequently, the overall balance of payments moved to a deficit of US\$32 million in 1982.

International reserves were at US\$362 million at the end of 1982, representing 4.4 months of imports, down from US\$515 million in 1979, or 7.9 months of imports. Outstanding public debt was US\$638 million in 1982; it had been US\$404 million in 1979. Debt service payments rose from 4.4 percent of total export earnings in 1979 to 10.4 percent in 1982 and were rising further in 1983.

The foreign investment climate in Papua New Guinea remained generally favorable. Investors were obliged, however, to deal with both the national and the provincial governments to have investments approved. In order to ensure rapid localization, investors were also expected to engage in training programs for Papua New Guineans. The National Investment and Development Authority coordinated approval of investment applications. The list of areas where the government encouraged investment was long and included minerals, petroleum, forestry, fishing, shipbuilding, tourism, agriculture and livestock, export-oriented secondary industry, and technical and personal services. Major investment in mining in 1982 more than offset net disinvestment in manufacturing and agriculture. Some K200 million was spent on Ok Tedi mine and road construction and K57 million for crushing mills at the Bougainville copper mine.

The Political System

The Constitution provides for a national government having legislative, executive, and judicial branches and names the British monarch as chief of state. The monarch is represented by the governor general, who must be a citizen of Papua New Guinea

and whose appointment is made on the advice of the Papua New Guinea cabinet and confirmed by the legislature. The governor general acts under the advice of the cabinet.

The legislature is a unicameral body organized on the British model and is known as the National Parliament. Members are elected by universal adult suffrage from open electorates proportioned by population and from provincial electorates, one per province. There were 109 electorates in the early 1980s. A normal term of office is five years. The Constitution provides that an additional three members can be appointed by a two-thirds majority of the legislature, but there were no appointed members as of mid-1984.

Executive power is vested in the cabinet—the National Executive Council. The cabinet is led by the prime minister, who is the leader of the majority party or coalition in the legislature. The cabinet is chosen by the prime minister from among the members of the legislature. The Constitution permits the appointment of up to 27 ministers, including the prime minister.

The Constitution guarantees all citizens a wide range of fundamental rights and freedoms regardless of race, tribe, place of origin, political opinion, color, creed, or sex. The nation's legal system is based largely on that of Australia. The Constitution authorizes the establishment of the Supreme Court, the National Court, and such lower courts as might be necessary. The Supreme Court is the final court of appeals and holds original jurisdiction in constitutional matters. Most major offenses are tried in the National Court, which also hears appeals from lower district courts established at the provincial level. To deal with strife arising out of local disputes, the legislature in 1973 established a system of local courts at the village level to support local peace officers. Village courts are headed by a magistrate—usually a layperson appointed by the government from among the local people. Village courts hold jurisdiction over minor offenses and can levy fines, award compensation, and order up to one month's work for the benefit of the community. They can handle matters of both customary and statutory law. Most land disputes are handled by the Land Titles Commission.

The Constitution was amended in 1977 to provide for a level of provincial government below the national administration in an attempt to devolve administrative and political power to the provincial government. All 20 provinces had established provincial governments by the early 1980s. Most were elected, but some still had an interim status and would eventually become elected bodies.

A system of local government was still developing during the early 1980s. Local government councils having the authority to maintain law and order and to finance, organize, or engage in business for the good of the community were first introduced in 1950. Later legislation provided for multiracial councils having wider power to assess taxes, manage health and education programs, and engage in local commercial projects. City and town councils were formed in 1971, and by the early 1980s there were over 160 local councils of all types. Many were reportedly too small to function efficiently, however, and relied heavily on central government subsidies.

Political Dynamics

The transition to independence was peaceful and stable. On Independence Day 1975, the nation's first governor general, Sir John Guise, declared that all people should note the spirit in which the Australian flag was taken down, commenting: "We are lowering it, not tearing it down." Australia had provided durable administrative and governmental structures and proved willing to continue to assist in managing and funding them. The pragmatic leaders of the new nation were willing to build upon these inherited institutions while localizing and bending them to suit the country's needs. The leaders retained strong ties to the village people, tended toward moderation in their policies, and showed patience by ruling through consensual politics. This permitted the process of national integration to continue, if slowly.

Although Somare had believed that the 1972 elections had given him a mandate to run the government and move the country toward independence, in retrospect this seems to have been an overly optimistic assessment. Except for a small cadre of supporters who were personally loyal to Somare and to his vision of an independent state, indigenous leaders displayed little unified sense of purpose in the ministries, the legislature, or the nation at large. Many members of the legislature were independents, and those who were party members often ignored party directives. Somare was forced to build a consensus on each issue, first within his own Pangu Party, then within the coalition; at times he had to rely on the opposition to garner necessary votes. Even the concept of independence had to be carefully explained and promoted to most of the population. Members of the Constitutional Planning Committee had toured the country for months, soliciting the view of people and at the same time educating them.

While Somare was attempting to build a workable national

government, separate regions—the Gazelle, Bougainville, and the Highlands and the rest of Papua—pressed for the decentralization of political power and for more widespread distribution of development projects and economic opportunity. The regional leadership could not be persuaded to accept postponement by any argument regarding national security, financial, economic, or political concerns, and a compromise had to be reached, “Melanesian style,” within the first year of independence. After Bougainville established the first provincial government, others soon followed. Over time decentralization facilitated greater local acceptance of village governments and courts, but the financial resources and staff necessary to manage this secondary tier have been costly. Moreover, some feared that the new generation of local leadership being developed within the framework would have an unduly parochial outlook should they enter the national political arena. Others believed, however, that the entry of younger and better educated politicians who were firmly tied to the wishes of the people could be a very positive development. Although inefficiency, corruption, and shortages of staff and funding have plagued the provincial governments, they appeared likely to remain in place in the near future.

Having localized and gained control of the public service, the new government was soon faced with the possibility that it had created a new elite who enjoyed salaries and life-styles far beyond the reach of most Papua New Guineans. Expenditures on salaries and wages as a proportion of total expenditures were almost three times the average for Asian, non-oil-exporting, developing countries in 1981 and higher than both Fiji and Solomon Islands, the only two Melanesian states for which figures could be located. A strike by public workers in early 1983 produced a settlement that promised to add to the total. There were an estimated 50,000 government workers during the early 1980s. Although concern over official corruption has been constant since independence, many foreign observers considered the problem to be relatively minor in comparison with other developing and modernized states.

Within the political life of the nation, Somare himself has become a figure of considerable importance. His prestige in the villages has grown over time even though his government was replaced by that of Sir Julius Chan for 30 months in the 1980–82 period. Somare has increasingly come to be seen as a charismatic leader—an element that proved important in the 1982 election. Despite the success of his Pangu Party and the development of a strong coalition in 1982, Somare evidently believed that many of the old constraints continued to exist, and he was careful to ac-

count for personal strengths and regional needs when assembling his cabinet. This may have proved to be a wise choice, for in July 1983 former National Party leader Imabakey Okuk won a by-election and returned to the legislature to take over the leadership of the opposition. Okuk attempted to entice Highlands members into leaving the Pangu Party and to get other coalition members to defect. The Somare government was able to win a vote of confidence in the legislature, however, gaining four votes more than it had received after the 1982 elections. It remained to be seen whether this portended a new period of parliamentary stability. It appeared that the Pangu Party was producing younger leaders who might someday be qualified successors to Somare.

Foreign Relations

The nation's foreign minister stated before the UN General Assembly in 1976 that Papua New Guinea's foreign policy would be an active and positive "universalism" that sought no enemies. At the same time, its historical links with Australia have also helped define its postindependence foreign policy, which has generally been moderate, pro-Western, and pragmatic. The nation initially exchanged resident embassies only with those countries with which it had historical ties—Australia, New Zealand, Britain, Japan, Indonesia, and the United States—but later expanded this to include Fiji, the Philippines, the Vatican, Malaysia, and other members of the European Community as well. It has also established relations with over 40 other states that did not have resident missions.

Papua New Guinea was a member of the UN and its principal specialized agencies, as well as the World Bank, the Asian Development Bank, the South Pacific Commission, the South Pacific Forum, the Lomé Convention, and the Commonwealth. It established a liaison with the Association of South East Asian Nations (ASEAN) in 1977 but did not formally join. The nation was also an associate member of the International Council of Copper Exporting Countries and the General Agreement on Tariffs and Trade. It has become a significant regional actor and has sought cooperative relationships with its neighbors.

Bilateral Relations. The country maintained its closest relations with Australia, with which historical links were reinforced by current economic, commercial, and other ties. Australia continued to provide generous financial assistance, aid in 1980 accounting for 30 percent of the total Papua New Guinea budget. The two

countries have nevertheless experienced sharp differences on a number of issues. The most significant was the demarcation of the section of the border with Australia that runs through the Torres Strait. In 1879 the original line had run within several hundred meters of Papua New Guinea's shores, giving Australia control over several straits islands having Melanesian populations. In 1969 Ebia Olewale, a member of the Papua New Guinea House of Assembly, called for the border to be moved to five kilometers from Papua New Guinea's shores, but Australia ignored the issue until Olewale again brought it up in the first Somare government in 1972. At that time he called for the border to be placed at the midpoint between the two states. Legal challenges from the Australian state government of Queensland kept the issue in Australian courts until 1975, and it took three years more to arrive at a complex settlement. In addition to establishing a new seabed line, the 1978 agreement set up a protected zone in which Torres Strait islanders on both sides of the border could continue to pursue their traditional economic activities. It also made provision for shared commercial fishing and placed a 10-year embargo on oil-drilling and mining in the area. Determining how to deal with potential oil and other deposits in the area would have to be negotiated in the future.

Relations with Indonesia were also of great importance, a particularly sensitive issue being control of their mutual border in order to preclude members of the anti-Indonesian Free Papua Organization (Organisasi Papua Merdeka—OPM) from finding sanctuary in Papua New Guinea. Australia entered into a boundary agreement with Indonesia in 1974 that demarcated the border, but during the mid-1970s Papua New Guinea became embarrassed by the ease with which OPM rebels crossed the borders. There was also concern that some of the estimated 10,000 refugees from Indonesia who were living in Papua New Guinea might be supporting the rebels despite their pledge not to do so.

In mid-1978 the government decided to demonstrate its displeasure on the matter and closed the border to OPM activity. Troops of both nations conducted operations on their respective sides of the border. This prompted demonstrations within Papua New Guinea, and the issue became embroiled in domestic politics, critics charging that the government was being insensitive to "our Melanesian brothers." The government held firm, however, to its policy of maintaining friendly relations with its powerful neighbor. It appeared determined to continue to do so as of mid-1984, despite several new matters of contention. In 1972 the government announced that a new Indonesian road along the border

*Traditional vessels
of the Papua coast
Courtesy Government
of Papua New Guinea*



had crossed into Papua New Guinea in several places. This prompted an angry debate in Papua New Guinea in spite of an apology from Indonesia. In late 1982 a newspaper in Papua New Guinea published a map allegedly outlining Indonesian plans for moving up to 10 million Indonesians onto its side of the main island. Many people in Papua New Guinea viewed such a plan with alarm, for that figure would represent several times the population of their own nation. In early 1984 Papua New Guinea charged that Indonesian military aircraft had crossed into its territory during a military exercise and made repeated low passes over several villages; Indonesia denied the charge. Tension over this matter was aggravated by a flow of refugees into Papua New Guinea after reports of an Indonesian crackdown on its side of the border.

Indonesia also became displeased when Somare visited China in 1976 as part of his effort to diversify sources of aid, trade, and investment. Hoping to avoid the high cost of Australian imports, he was especially interested in finding sources of consumer goods and hoped as well to obtain new ideas that would promote rural development and diminish urban drift. Shortly thereafter Indonesia indicated that it "would not hesitate" to deal with any communist threat, "within or without," that posed a threat to Indonesian security. Although the statement was directed toward the secessionist movements in Papua New Guinea, it was also interpreted as indicating that caution must be exercised in dealing with communist regimes. It was not until mid-1980 that the government of Sir Julius Chan announced that China would be in-

vited to establish an embassy in Port Moresby.

Papua New Guinea maintained a warm relationship with New Zealand, which has gradually increased its aid since independence, donating fishing vessels and funding agricultural projects. The United States has maintained a cultural exchange program with Papua New Guinea since 1968; it opened a consulate in Port Moresby in 1974, elevating it to an embassy at independence. In 1980 Papua New Guinea and the United States agreed to introduce Peace Corps volunteers into the country.

Japan was not allowed to invest in Papua New Guinea until 1965, but by 1972 Australia had determined that its own commercial interests, which enjoyed substantial advantages and held a near monopoly on the territories' trade, would not be threatened by a Japanese presence and that indeed Japanese involvement might be very useful after independence. Consequently, Japan soon became the major source of automobiles and many electronic goods. It has also regularly purchased large quantities of copper and timber and has invested in fisheries, oil and mineral exploration, and hydroelectric projects.

Pacific Role. Papua New Guinea was an active member of the South Pacific community and considered itself an anchor to the scattered Pacific islands. It pressed the Asian Development Bank to pay greater attention to the islands and was a strong advocate of regionalism, resisting United States membership in a regional fisheries management organization. It also sought to streamline the South Pacific Commission and the South Pacific Forum by consolidating their bureaucracies. Papua New Guinea has joined its neighboring island states in consistently protesting French nuclear testing in the Pacific.

The nation recognizes a special affinity with its Melanesian neighbors, Vanuatu and Solomon Islands. The most striking demonstration of its willingness to aid these neighbors occurred in 1980, when the Papua New Guinea Defense Force intervened to put down a secessionist movement on the island of Espiritu Santo in Vanuatu at that government's request (see Vanuatu, this ch.). On July 22, 1980, a contingent of 150 soldiers, two patrol boats, and three airplanes went to Vanuatu for its Independence Day celebrations. An emergency session of the Papua New Guinea legislature approved a defense treaty between the two countries, and on August 8 another 306 troops were sent there. They remained for seven weeks until the troops quashed the revolt.

The Papua New Guinea action was largely accepted by other

countries in the area because it seemed preferable for Melanesian rather than European troops to put down disturbances in the area. The experience led Chan to suggest publicly that a regional peacekeeping force be established under an agreement among all the island governments. The other governments, however, did not respond to this idea, perhaps wary of its implications for Papua New Guinea's role in the Pacific.

Security

The Papua New Guinea Defense Force, established at independence, traced its origins to the Pacific Islands Regiment (PIR), which was formed in World War II. Australia disbanded the regiment at the end of the war but re-formed it at Port Moresby in 1951 to provide a patrol capability for the main island and the larger outlying islands. A second battalion was raised at Wewak in 1965, when Australia was involved in Indonesia's so-called Confrontation with Malaysia. Creation of a third battalion was announced in 1968, but the idea was abandoned when it became clear that the change in the Indonesian government during the 1965–66 period had made such a move unnecessary. The PIR battalions rarely operated as a whole but were deployed in small units. They had no artillery or other heavy weapons and spent most of their time engaged in civic action projects. Originally, all commissioned and noncommissioned officers were Australians. A small number of indigenous personnel began officer training in Australia in 1963, but in 1971 there were still only 30 indigenous officers. Training accelerated, however, in the mid-1970s.

After independence Australian officers remained on secondment, but in rapidly diminishing numbers, and a Papua New Guinean—Brigadier General Ted Diro—became commander. In addition to the ground component—the PIR—the defense force incorporated the Papua New Guinea Division of the Royal Australian Navy, which had been created at Manus during the 1960s. The defense force also included a small air arm established at independence when Australia transferred four transport aircraft.

The defense force was under the supervision of the National Executive Council through the minister for defense. The commander was a brigadier general, and there was no office of commander in chief. The headquarters of the defense force was located at Port Moresby. The primary mission of the defense force was to defend the nation from external attacks. Since independence it has been heavily involved in the formidable task of patrolling the border with Indonesia—a task made especially dif-

ficult by the area's rugged terrain and the defense force's limited mobility and transport capability.

As of mid-1984 the Papua New Guinea Defense Force had a total strength of 3,775. The ground element was the largest, accounting for 3,400 personnel. Equipped primarily with light infantry weapons, the ground force comprised two infantry battalions (headquartered at Port Moresby and Wewak), one signals and one engineer battalion, and miscellaneous logistics units. One forward base was maintained at Vanimo along the northern half of the border with Indonesia. A second was to be established at Kiunga in the southern border area. Kiunga was the river port for the Ok Tedi gold and copper mine. Anti-Indonesian insurgents reportedly established a major base camp in Indonesia directly opposite the mine during the early 1980s.

The air component had one transport squadron based at Lae. Its 300 personnel flew four C-47 transport aircraft and six Nomad marine reconnaissance aircraft. Other air bases were at Port Moresby, Madang, Rabaul, and Wewak. The naval component comprised one patrol squadron on Manus Island and one landing squadron at Port Moresby. It had 75 personnel and four large patrol and three landing craft. Plans released in late 1983 called for the base at Lombrum to be scaled down and the patrol squadron relocated to Port Moresby. Lombrum, along with Wewak and Kieta, would become a forward operating base.

After independence the defense relationship with Australia was informal. The two governments agreed to "consult at the request of either about matters affecting their common security" without accepting further obligations on either side. During the early 1980s Australian defense aid maintained about 120 Australian military personnel in Papua New Guinea; they helped fly aircraft, staff the logistics command, and run the signal battalion. As of 1983 Australia contributed about 43 percent of the \$A37 million defense force budget.

All defense service personnel were volunteers and usually served long engagements. Military service offered pay, benefits, and prestige superior to most civilian employment; commissions were issued on merit, and competition for entry into the elite force was keen. Entry into the officer corps required a suitable level of education, which has tended to keep the less developed regions underrepresented. Enlisted personnel, however, were recruited on a nationwide basis, and the force as a whole was generally considered to be a representative one. Esprit de corps was high, and members were believed to have successfully subordinated parochial affiliations to loyalty to the defense force and the

state. Officers of all three elements were trained at the Joint Services College at Lae, where many of the instructors were on loan from Australia and New Zealand. Personnel were usually sent to Australia for training in technical specialties and for higher military education.

The Royal Papua New Guinea Constabulary had its origins in the constabulary created for Papua in 1890. King George VI of Britain granted it the prefix "Royal" in 1939. Australia formed the New Guinea Police Force in 1922. After World War II the two were administered jointly, and in 1952 they were officially united. Australia neglected training police except for a paramilitary role, leaving an inadequately prepared urban police force at independence. The constabulary was estimated to have approximately 5,000 members in the early 1980s. They were organized into the Regular Police and the Field Branch. Constabulary personnel were generally paid less than those in the defense forces. The organization continued to experience problems in discipline, training, and administration.

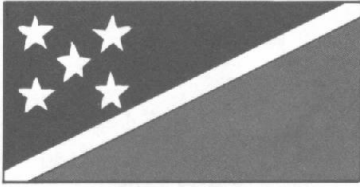
There was a debate in official circles during 1983 over the possibility of combining the defense force with the constabulary. Proponents of such a move claimed that it would be a more cost-effective and efficient allocation of resources. Neither the defense force nor the constabulary expressed any interest in the plan, however, and nothing had been done toward that end as of mid-1984.

The nation has faced significant law and order problems since independence in both urban and rural areas. The increase in urban crime has been especially noteworthy, rising 27 percent in the 1981–82 period. Papua New Guinea had one of the highest prison populations per capita in the Asia and Pacific regions. Liquor sales in Port Moresby were banned on Fridays, Saturdays, and Sundays in an effort to control the crime problem, which has been linked to high levels of unemployment brought on by urban drift and to traditional tolerance of intergroup violence.

In rural areas the most serious threat to law and order was tribal feuding in the Highlands. Such fighting used to be kept in check by tough Australian patrol officers, but after independence most of these were replaced, and fighting became more and more frequent. Clan warfare not only involved considerable destruction of property but also resulted in numerous killings. Although such deaths were not high when compared with traffic fatalities, they were concentrated in area and disastrous to the locales affected. In July 1979 the prime minister declared a state of emergency in the Highlands, giving the police greatly expanded

powers in Eastern Highlands, Western Highlands, Southern Highlands, and Chimbu provinces. These measures were relaxed some six months later as order was restored; but the underlying causes for such violence—clan rivalry, disputes over land and livestock, poverty, and unemployment—remained. After another outbreak of clan warfare in the early 1980s the National Parliament enacted legislation in 1983 to stiffen penalties for those convicted. Conviction was difficult, because participants in tribal warfare rarely testified against one another.

SOLOMON ISLANDS



Flag: Five white stars on blue field separated by yellow diagonal line from green field

Political Status	Independent state (1978)
Capital	Honiara
Population	251,000 (1984 midyear estimate)
Land Area	28,530 square kilometers
Currency	Solomon Islands dollar (SI\$)
Major Islands and Island Groups	Malaita, Guadalcanal, Santa Isabel, Choiseul, Makira, New Georgia, Santa Cruz Islands, Rennell, Bellona, Russell Islands, Florida Islands, Ontong Java

Physical Environment

The country of Solomon Islands consists of a double chain of islands and island clusters stretching over 1,400 kilometers; the islands of Bougainville and Buta, at the northern end of the geographical chain, belong to Papua New Guinea (see Papua New Guinea, this ch.). The country itself has about 1.3 million square kilometers within its EEZ (see Glossary). The five largest islands make up 73 percent of the territory (see fig. 8).

All the large islands of the main chain and most of the outer islands were formed by volcanic activity, which still occurs in a few areas; the last serious eruption was on Savo Island in 1840. The mountains are generally rugged, except on Makira. Guadalcanal has extensive plains along its northern coast, but the other islands have little flat land. The river systems tend to have straight and swift courses that can flood the coastal areas during heavy rains. Rennell, the largest coral limestone island in the country, is a fine example of a raised atoll.

The climate is almost uniformly hot and wet. The southeast trade winds predominate during the driest season, from April to November, and are strongest and of the longest duration in the southern islands. The northwesterly monsoonal winds can bring stormy weather and gales from January to April. Cyclones pass through the islands but seldom cause serious damage. Rainfall averages 3,000 to 3,500 millimeters per year for the country as a whole and about 2,200 millimeters in Honiara. Temperatures average around 30°C, falling to about 25°C during the night and in the higher elevations.

Oceania: A Regional Study

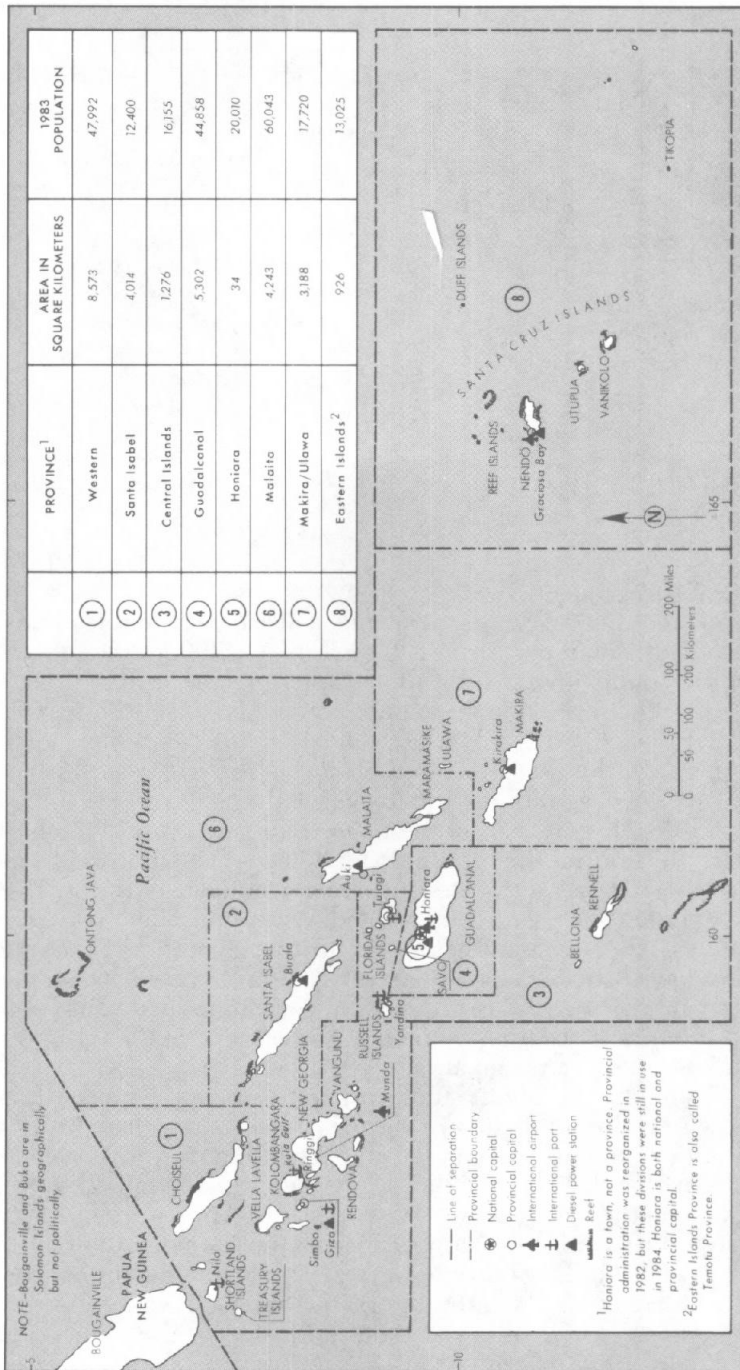


Figure 8. Solomon Islands, 1984

Tropical forests, consisting of hardwoods, lianas, orchids, and various other epiphytes cover most of the large islands; the dense cover resembles that found in Indonesia and Papua New Guinea. Some of the forests have been destroyed by slash-and-burn farming and have been covered over with grasses. Many of the river deltas have formed mangrove swamps. The animal life is similar though less varied than that in Papua New Guinea but includes the cuscus, a monkey-like marsupial. There is a distinct break in the fauna between the main chain and the Santa Cruz group, which has fewer of the indigenous species of bats, pigs, and dogs. Insects, including the malarial mosquito, abound.

Historical Setting

Historians conjecture that hunting and gathering Papuan-speaking peoples first came to the islands about 10,300 years ago. Around 2000 B.C. neolithic peoples speaking a variety of Austronesian languages displaced or mingled with the early settlers. These peoples were skilled agriculturists who planted taro on shifting plots and raised chickens, dogs, and pigs. They were able to build sturdy outriggers to cross from Makira to the Santa Cruz group, where the Lapita pottery culture later flourished (see Prehistory, ch. 1). It is unclear when the Polynesian descendants of Lapita culture settled the outlying islands.

In 1568 Spanish explorer Álvaro de Mendaña de Neira became the first European to discover the islands, which in South America were rumored to be the legendary "Islands of Solomon." Some 25 years after his initial exploration, Mendaña returned but was unsuccessful in establishing a permanent settlement in the Santa Cruz group. A second Spanish settlement effort also failed in 1606. Except for some passes by Ontong Java, it was more than a century and a half until other Europeans rediscovered the islands; not until 1838 were they identified as those first explored by Mendaña.

The explorers who passed through the islands in the late eighteenth and early nineteenth centuries had little contact with the indigenous population, but by 1830 whalers and traders had begun to frequent the area. The first Europeans to go ashore for any length of time, however, were a group of Marist Catholic priests, who founded a mission on Makira in 1845. The mission failed after several of the priests were killed by the local population. Cautioned by this experience, the Anglican missionaries who worked out of New Zealand decided to bring some select Solomon Islanders home with them for training. The Anglican re-

cruits returned and set up a successful mission in the Reef Islands. Despite the murder of the first Anglican bishop to the Solomon Islands, the missionary effort expanded steadily and soon incorporated other denominations.

The missionary effort was aided by the importation of Solomon Islanders to work plantations in Australia and elsewhere, a type of trade that was called blackbirding. The Solomon Islanders suffered under the trade but were exposed to European culture and religion in their new environment. Back home, blackbirding caused violent clashes between the islanders and the Europeans, although the missionaries opposed the trade. Violence and lawlessness caused Britain to establish a protectorate over the islands in 1893; Santa Isabel, Choiseul, Ontong Java, and the islands off Bougainville remained in the German sphere of influence. In 1899 an Anglo-German agreement brought these islands into the British protectorate.

The establishment of civil order and the development of a modest plantation economy characterized the efforts of the British administration up to World War II. The task was arduous, being interrupted by World War I and limited by the small number of administrators willing to take up residence in the islands. Head-hunting raids and blood feuding were endemic on New Georgia and Malaita. The last of the main islands, Choiseul, was brought under full administrative control only in 1941. The economy likewise only slowly slipped into the modern era. The government leased 78,000 hectares of land to a British copra processor, and smaller firms and individual planters began to settle the territory, though often at considerable risk.

World War II overwhelmed the Solomon Islands. The Japanese invasion, which moved as far south as Guadalcanal in 1942, destroyed not only the colonial administration but also the myth of British omnipotence (see World War II, ch. 5). Solomon Islanders distinguished themselves in service to the Allied forces—nearly all Americans—as they recaptured the islands in 1943. For many it was the first time they had been treated as equals and with dignity, and a sense of both individual pride and nationalism developed.

In the final years of the war, a populist movement swept the island of Malaita and spread elsewhere. Called the Marching Rule by the British, the movement was much more than a cargo cult (see Glossary). Its leaders organized the indigenous population into paramilitary groups and administrative organizations that simultaneously reconstructed the war-ravaged villages and opposed the reinstatement of British rule. The British acted force-

fully to put down the movement when it became violent, virtually smashing it by 1950, but the trend was clear—the Solomon Islanders wanted greater responsibilities for government themselves. In 1952 the government set up local governing councils for the first time.

Political developments intensified during the 1960s, and 1970s. The colonial administration established appointive legislative and executive councils in 1960 to replace the advisory council to the government. Beginning in 1964, elected members joined the councils for the first time. In 1970 a new constitution established a single Governing Council, the majority of which was elected. In 1973 all its members became elected officials, and one year later another constitution created the Legislative Assembly and a cabinet system headed by Chief Minister Solomon Mamaloni. In 1975 the official name of the territory was changed from the British Solomon Islands Protectorate to Solomon Islands. During the next year the responsibility for internal government passed to the Legislative Assembly, and the country set out on a direct course to full independence.

In the decade preceding full independence on July 7, 1978, the pace of economic and social modernization quickened. Commercial agriculture diversified from copra into the production of palm oil, timber, and fish—usually with the aid and guidance of foreign investors. The government began to fill in some of the glaring gaps in the nation's infrastructure, building ports, roads, and telecommunications networks. Enrollment in primary education expanded rapidly; previously isolated groups became more mobile and expanded their contacts with others.

The transition to independence, however, was not altogether smooth; the nation was divided over the issue of local government. The people of the western islands, who were economically better off than the rest of the population, were especially concerned about retaining control over their resources. In fact, when Bougainville attempted to secede from Papua New Guinea in 1975, the Shortland Islands threatened a similar action against the Solomon Islands government (see Papua New Guinea, this ch.). At the constitutional conference held in London in 1977, the western islanders demanded considerable autonomy. Although still expressing some opposition because of ambiguities in the plans for provincial administration, the western islanders eventually acceded to the provisions for independence. The ceremonies proceeded as scheduled, and the country became an independent member of the Commonwealth of Nations, having an in-

indigenous governor general appointed by the British crown.

The Social System

Solomon Islands society has been fragmented into numerous linguistic and cultural groupings since the first influx of peoples millennia ago. According to the 1976 census, about 92 percent of the population of 196,823 remained scattered in some 4,600 villages or settlements averaging about 25 inhabitants each. Melanesians, who made up 93 percent of the population according to the 1976 census, were typically fractured into small cultural and linguistic groupings, the largest of which numbered perhaps only 30,000 people. The lowest estimate suggested that there were 30 mutually unintelligible languages in use around the country; the total number of spoken dialects approached 90. The presence of Polynesian, Micronesian, European (i.e., white), Chinese, and other ethnic minorities added to the complexity of the culture. Notwithstanding this cultural diversity, historical developments have forged larger social identities centered on specific islands or regions. Christianity, education, and the growing dependency of the people on the central government for a variety of social services have also united the divergent groups. The government, moreover, has lent its support to a spontaneous cultural movement that emphasized the value of traditional customs common to the majority of groups in the society.

Social organization among the Melanesian groups varies considerably, although the extended family is the common basis for all groups. Descent lines can be patrilineal, matrilineal, or a combination of the two. The former predominates on Malaita, Guadalcanal, Makira, and Choiseul; matrilineal systems are common on Santa Isabel and in the Santa Cruz Islands. For most groups, however, land and material wealth are the major indicators of social status, which is gained through the ostentatious display of wealth in ritual feast giving. The most successful feast giver, the "big man," becomes the leader of the community or clan group by virtue of his skills rather than by hereditary ascription (see Melanesia, ch. 1). Also common to the Melanesian groups is the careful delineation of taboos and roles for each sex; the separation of the sexes, however, does not imply the subordination of one to the other.

The Polynesians, who made up 4 percent of the population according to the 1976 census, are very different from the Melanesians (see Polynesia, ch. 1). They maintain strictly patrilineal, hierarchical, and hereditary forms of social organization. The

Polynesian islands include, among others, Rennell, Ontong Java, Tikopia, Bellona, and the Reef Islands. In 1976 Micronesians constituted 1.4 percent of the population; they were mostly Gilbertese and lived in or near Honiara (see Micronesia, ch. 1; Kiribati, ch. 3). The Europeans and Chinese, making up 0.7 and 0.2 percent of the population, respectively, also lived in urban Honiara, although a number of European and Part European plantation owners lived in Central Islands Province. Small minorities of indigenous Papuan-speaking people lived in the Russell, Santa Cruz, and New Georgia island groups.

Traditional custom, called *kastom* in the Pidgin English that serves as the lingua franca throughout the islands, has become a rallying cry for many of the indigenous groups and for the government. The ideology of *kastom* first expressed itself coherently during the Marching Rule period but persisted after the nation's independence. As anthropologist Roger M. Keesing has described it, *kastom* is an all-purpose ideology that means different things to different groups or individuals. For some, such as the non-Christianized Kwaio of Malaita, *kastom* has been a potent political symbol in their resistance to the incursions of the Western religious and economic ideologies propagated by the government. For others it has represented a synthesis of traditional and modern systems of thought and behavior. The national political elite—mostly Christian and Western-educated—have used *kastom* as a symbol of national identity and as a way to legitimize themselves to the common people. Many have justified their preferences for various systems of law, local government, and land tenure on the basis of *kastom*, which retained its popularity precisely because of its nebulousness.

Religion is a unifying force in the society; more than 95 percent of the population was estimated to be Christian in mid-1980. There were, however, inevitable rivalries between the denominations. About a third of the population belonged to the Anglican Diocese of Melanesia, and another 19 percent were Roman Catholic. The South Sea Evangelical Church, which originated in the community of Solomon Islanders working on plantations in Australia in the nineteenth century, attracted about 17 percent of the population, chiefly in the eastern and southern islands. The United Church, a union of Methodists and Congregationalists, served 11 percent of the population, particularly in Western Province. Seventh-Day Adventists made up one-tenth of the population, while indigenous and marginal Protestant churches, such as the Jehovah's Witnesses, constituted the rest of the Christian community. Only 4 percent of the population might be called

tribal religionists, including those affiliated with so-called cargo cults.

Education, a major force behind the modernization and unification of the society, began under the pioneering efforts of the Anglican and Roman Catholic missionaries. In 1980 about 19 percent of the primary schools and 29 percent of the secondary schools were still affiliated with churches. Some 300 primary schools were run by local councils, and in 1983 about 65 percent of the children at primary-school age were enrolled. The World Bank (see Glossary) extended the government a US\$10 million loan in 1983 to build 300 rural primary-school classrooms by 1989 in order to raise enrollments to 85 percent of the relevant age-group. One study conducted in the early 1980s showed that about 30 percent of the 1,000 primary-school teachers were untrained and another 20 percent had received minimal training; a teachers college in Honiara trained about 100 teachers in 1977. Eleven provincial schools specializing in practical studies and six national schools having academic curricula served 35 percent of the relevant age-group in 1983. Only two of the academic schools were in rural areas; the rest were in or near Honiara. The small Honiara campus of the University of the South Pacific offered courses in education, culture, finance, administration, industrial development, natural resource management, nursing, paramedical skills, and fishing. The government, which had devoted 11 percent of its budget to education during the 1980–83 period, planned to invest 15 percent of its budgetary resources in this area in 1984. The adult literacy rate in 1976 was only 13 percent.

The development of modern health and other social services has also emanated from the central government and the churches. The Ministry of Health and Welfare ran one major hospital in the capital and five less-developed provincial hospitals in 1980. Provincial authorities operated about 100 clinics. There were some 50 rural health centers and village aid posts; two hospitals and 23 clinics were affiliated with churches. In 1980 there were about 6,250 people per physician, and in 1976 the average life expectancy was 54 years. Endemic diseases included malaria, tuberculosis, and leprosy; in 1981 there were over 61,000 cases of malaria—more than double the number two years earlier. Diseases related to sanitation and hygiene were also common. About 70 percent of all rural households did not have access to safe water in the early 1980s, and three-quarters had unsanitary latrine facilities. In 1978 the government launched a 12-year program to provide safe water to 2,500 villages and build 50,000 sanitary latrines.



*Village on Guadalcanal
Courtesy Steven R. Pruett*

The improvements in health care and economic development have resulted in changes that have significantly affected the society. Transportation development has increased the interaction between previously isolated cultural groups. Schools, plantations, and business establishments were replacing the family as focal points of social interaction. Modern kinds of employment were replacing traditional arts and handicrafts. Changing social mores have resulted in some problems, such as alcoholism, violent crime, and pregnancy out of wedlock, that could not be resolved by traditional means. Population growth per se was not a problem because land was readily available, but migration to Honiara in particular was overwhelming the capacity of the capital to provide the necessary services. The growing youthfulness of the population—about 65 percent of the total was between the ages of six and 16 in 1983—and its rising level of education made it imperative for the society to generate new employment opportunities.

The Economy

The large subsistence sector, which accounted for over 40 percent of GDP in 1982, complicated macroeconomic analysis of the economy. A rough estimate suggested that the GDP was equivalent to US\$560 per person in 1982, but about 90 percent of the population engaged in commercial activities only as sidelines to subsistence agriculture. The economy, however, remained open to foreign trade and investment as a means of spurring commercial development, producing copra, palm oil, cacao, timber and fish for export. Small farmers made significant contributions to the production of copra; foreign companies, acting singly or in joint venture with the government, accounted for the bulk of commercial wealth.

During the 1970s increased exports of timber, fish, and palm oil propelled the economy to grow by about 8 percent per year on average. Food production also increased markedly; domestic supplies rose by nearly 25 percent during the decade—well ahead of the population. In the 1980s, however, growth slowed considerably, and in 1980 and 1982 the real value of GDP actually decreased. The decline resulted from a deterioration in the terms of trade—the ratio of export to import prices—which fell by 40 percent from 1980 to 1982. The nation's current account balance likewise deteriorated from a surplus equivalent to 6 percent of GDP in 1979 to a deficit equivalent to 27 percent of GDP in 1981. Inflation averaged 15 percent per year during the 1980–81 period. The declining profitability of most enterprises caused a drop in private investment that threatened the long-term prospects for economic development.

In response to the economic recession, the government devalued the currency by 10 percent in August 1982, increased duties on imports, and improved its tax collection efforts to promote exports, reduce imports, and raise domestic resources for investment. It concluded an agreement with the IMF in mid-1983 that authorized the withdrawal of US\$2.7 million over a 12-month period to support the balance of payments. In return for this loan, the government agreed to keep its overall budget deficit under 10 percent of GDP in 1983, restrain operating expenditures—chiefly civil service wages—while speeding up public investment, maintain a flexible exchange rate, and raise interest rates on bank deposits. The effect of these measures, along with improvements in the international economy, was to reduce the current account deficit to about 6 percent of GDP in 1983 and

lower inflation to about 10 percent or less.

The government's economic goals have been to promote growth, improve rural living standards, expand job opportunities for the rapidly increasing labor force, and encourage self-reliance by diversifying the economy. In order to accomplish these objectives, the government increased its capital expenditures from around 8.5 percent of GDP in 1971 to nearly 12 percent of GDP in 1982. Since the mid-1970s more and more public investment has been directed toward developing the agricultural and industrial sectors, although spending on infrastructure remained the largest single category of investment. The government has also tried to localize employment as much as possible, but the shortage of trained labor—perhaps the greatest impediment to the economy's development—has slowed its efforts. In 1982 about 4.7 percent of the commercial labor force of 22,000 were noncitizens, compared with 5.6 percent in 1978. The government's attempts to improve social welfare included establishing minimum wages and safety standards in all commercial enterprises, requiring contributions to a national provident fund, and devoting some 35 percent of its central government expenditures since 1980 to health, social welfare, education, housing, and community development.

The government has also made some important institutional changes, especially in the financial sector. The Solomon Islands Monetary Authority was renamed the Central Bank in 1981, and the bank began to manage the money supply more actively by issuing treasury bills, lending to the three commercial banks, and establishing guidelines for commercial loans. The government also invested in a joint venture with an Australian bank to create the National Bank of the Solomon Islands, which it hoped would expand savings in the rural areas. One year after its establishment, this new venture had nearly doubled its branch offices to 21 and had put into operation four mobile units on ships. Partly as a result of these institutional changes, gross domestic savings rose from a low of 5.5 percent of GDP in 1981 to over 10 percent in 1983.

Overall, however, the economy was dependent on foreign aid and loans to make up the difference between imports and exports and promote investment. Grant assistance from overseas doubled from an average of 8 percent of GDP during the 1978–82 period to 16 percent of established GDP in 1983. The latter figure, however, was based upon commitments rather than actual disbursements, which have often been held up because of administrative delays in Solomon Islands. Bilateral commitments—nearly all from Britain and Australia—reached S\$12.5 million

Table 4. Solomon Islands. Composition of Trade, 1980–82
(in millions of Solomon Islands dollars)¹

Commodity	1980	1981	1982
Exports			
Fish ²	23.2	22.0	14.0
Timber logs	14.9	14.7	21.4
Sawed timber	1.1	1.3	1.5
Copra	10.5	8.1	8.1
Palm oil ³	7.1	7.5	7.3
Rice	1.5	0.9	0.9
Cacao	0.6	0.9	0.9
Gold	0.6	0.5	0.5
Shells	0.3	0.4	0.3
Tobacco products	0.1	0.1	0.1
Reexports	0.6	0.8	1.2
Other	<u>0.3</u>	<u>0.4</u>	<u>0.5</u>
Total exports ⁴	60.8	57.6	56.6
Imports			
Minerals, fuels, and lubricants	9.9	15.2	14.4
Machinery and transport equipment	24.0	19.3	13.3
Manufactured goods	14.9	17.1	14.0
Food	6.6	7.0	8.5
Chemicals	3.2	3.8	3.6
Beverages and tobacco	1.9	2.3	2.1
Crude materials	0.8	0.9	1.2
Other	<u>0.2</u>	<u>0.3</u>	<u>0.2</u>
Total imports ⁴	61.5	66.0	57.4

¹For value of the Solomon Islands dollar—see Glossary; based on free on board (f.o.b.) prices.

²Includes fresh, frozen, and canned items.

³Includes palm kernels.

⁴Figures may not add to total because of rounding.

Source: Based on information from Solomon Islands, Ministry of Finance, Statistics Office, *Statistical Bulletin*, No. 5/83, Honiara, 1983.

(for value of the Solomon Islands dollar—see Glossary) in 1983. Multilateral assistance—chiefly from the European Development Fund of the European Economic Community (EEC)—rose even more substantially to SI\$15.2 million in 1983. At the same time, outstanding foreign loans to the government rose from less than 1 percent of GDP in 1978 to more than 17 percent of GDP by the end of 1982. Because many of the loans were calculated at concessional rates of interest, repayments were estimated to be less than 3 percent of the value of exports in 1983—low by international standards.

The structure of foreign trade basically reflected that of the economy as a whole. Exports of copra, timber, and other crude materials represented over 56 percent of the total value of exports in 1982, palm oil another 13 percent, and edible agricultural products most of the remainder. Imports were chiefly manufac-

Table 5. *Solomon Islands. Direction of Trade, 1980-82¹*
(in percentage)

Country	Exports			Imports		
	1980	1981	1982	1980	1981	1982
Oceania						
American Samoa	5.9	1.3	1.1	---	---	---
Australia	2.3	3.1	2.7	30.9	28.0	33.9
New Zealand	1.0	1.6	2.2	7.0	8.6	8.3
Papua New Guinea	0.4	0.8	0.7	5.4	4.1	2.1
Other	<u>3.6</u>	<u>0.9</u>	<u>2.2</u>	<u>0.5</u>	<u>0.6</u>	<u>2.1</u>
Total Oceania	13.2	7.7	8.9	43.8	41.3	46.4
Asia						
Japan	26.3	37.4	58.6	19.7	14.9	14.0
Singapore	1.4	0.7	0.4	14.7	22.1	17.6
China	---	---	---	2.5	2.5	3.3
Hong Kong	0.1	---	---	2.9	2.5	3.1
Other	<u>0.7</u>	<u>1.4</u>	<u>2.8</u>	<u>1.3</u>	<u>1.2</u>	<u>1.8</u>
Total Asia	28.4	39.5	61.8	41.1	43.2	39.8
EEC²						
Britain	12.7	11.9	14.4	8.6	8.1	4.4
Netherlands	12.6	11.9	3.6	---	---	0.2
West Germany	5.8	4.9	1.8	1.2	1.0	1.7
France	---	---	---	0.1	0.1	0.1
Other	---	---	<u>2.4</u>	<u>0.4</u>	<u>0.7</u>	<u>0.5</u>
Total EEC	31.1	28.7	22.2	10.3	9.9	6.9
United States	20.5	22.7	0.1	3.2	4.0	5.6
Other	0.7	1.4	7.0	0.6	1.9	1.6
TOTAL ²	100.0	100.0	100.0	100.0	100.0	100.0

--- means none or negligible.

¹Based on free on board (f.o.b.) prices.

²European Economic Community.

³Figures may not add to total because of rounding.

Source: Based on information from Solomon Islands, Ministry of Finance, Statistics Office, *Statistical Bulletin*, No. 5/83, Honiara, 1983.

tured goods and petroleum (see table 4). The major export markets were Japan, and Britain and the rest of the EEC; the principal sources of imports were Australia, Singapore, Japan, and the EEC (see table 5). Government policy toward foreign investment seemed ambivalent, simultaneously encouraging investment and expressing concern about its effect on local development.

Agriculture, Forestry, and Fishing

Reliable statistics on land use were unavailable, but esti-

mates suggested that the smallholder sector had about 7,000 hectares of gardens and 38,000 hectares of coconut trees in 1983. There were more than 19,000 hectares of commercial coconut, cacao, oil palm, and rice plantations. The rest of the land area was under varying degrees of forest cover. The garden plots, which averaged from 0.15 to 0.25 hectares, were managed by means of shifting cultivation. Coconut plots averaged another 1.1 to 2 hectares. Shifting cultivation and permanent agriculture encroached on the forested land at a rate of from 20,000 to 40,000 hectares per year; not all of the newly cultivated lands were in the lowland areas favored by the government for agricultural development.

The system of land tenure made it difficult for the government to regulate the pattern of land development. About 87 percent of the territory in 1980 was so-called customary land under the management of traditional groups. The land could not be sold and could be leased only after being registered with the government. The government has acquired about 9 percent of the land, about one-fifth of which it leased to foreigners for periods of up to 75 years. The remainder consisted of perpetual estates owned by Solomon Islanders. Altogether, foreign residents leased some 2 percent of the land, chiefly in Western, Central Islands, and Guadalcanal provinces. The Constitution stipulates that the compulsory acquisition of customary land can proceed only after negotiations with the traditional owners.

Smallholder farms produced traditional subsistence commodities, such as taro, yams, garden vegetables, and pigs. A survey in the mid-1970s found that only 7 percent of the rural population had received cash income of any kind in the preceding year. Rural household incomes, including subsistence production, were estimated to be one-half of those in the urban areas; their relative size has probably shrunk further in the 1980s. Increasing population pressure and the growing need for cash income have tended to shorten the length of the shifting cultivation cycle from the previous average of 15 to 20 years. In the most populous areas there has been some continuous farming. As the fallow period has shortened and the level of technology remained the same, the soil has been depleted. The government initiated a project in 1983 that would set up one rural development center in each of the seven provinces, improve transportation and marketing in the rural areas, and expand agricultural extension and research. The low level of literacy and dispersed nature of rural communities made this a difficult program to implement.

Cash incomes were derived chiefly from the sale of copra to the government marketing board or private agents. Commercial

production from smallholder farms reached a record 24,000 tons in 1981 but fell to 22,000 tons in 1982 and 18,000 tons in 1983. In 1981 about 39 percent of smallholder production came from Western Province, more than 19 percent from Malaita Province, some 18 percent from Guadalcanal Province, and the rest in smaller proportions from the other provinces.

In many areas, young men have left the traditional farm to work, at least temporarily, on plantations. Plantations produced about 10,000 tons of copra yearly; most of the output came from foreign-controlled farms in Central Islands Province. A British plantation company introduced oil palm into the Guadalcanal plains in the 1960s and by 1980 had developed some 3,300 hectares of palms. The affiliated palm oil mill produced almost 19,000 tons of oil in 1982—nearly 80 percent more than in 1980. Most of the increase resulted from the introduction of pollinating weevils from Southeast Asia in 1981. Because many of the palms were past their prime, the company intended to replant many of its holdings in the 1986–87 period, when production was liable to decline. Copra and oil palm products represented about 27 percent of the nation's merchandise exports in 1982.

Rice was also grown commercially; originally it was exported to Fiji, but because of rising costs it was consumed locally in the 1980s. The area harvested decreased from nearly 4,000 hectares in 1980 to about 1,000 hectares in 1983; production was over 14,000 tons in 1980. One commercial crop that has shown rapid expansion was cacao; about 350 tons were produced for export in 1980. Small quantities of tobacco were also produced commercially.

Cattle raising has received much attention from both the commercial and the subsistence sectors. Britain, New Zealand, and Australia have all provided funds to import select varieties, and the total cattle stock was around 24,000 head in 1982. As late as 1980, however, some 10,000 head were located on foreign-owned plantations and church-mission properties.

Forestry has become the leading industry in the country, producing 40 percent of the value of merchandise exports in 1982. About a dozen, mostly foreign-owned, companies have worked the 215,000 hectares of commercial forest owned by the government; in 1981 there were about 160,000 hectares left, having some 9 to 10 million cubic meters of tropical hardwood timber. The logging rate rose from about 300,000 cubic meters in 1980 to 425,000 cubic meters in 1982. Some 16 other foreign companies had placed applications with the government in 1983 to open up another million hectares of primarily customary land. The Fores-

try Department wanted to confine their activities to the intermediate mountain slopes—permanently reserving the high mountain forests—and keep their activities at levels amenable to reforestation. Because of the lack of staff and adequate legislation, however, the forestry companies have been allowed to extract timber almost at will.

Replanting, which was not required of the logging companies, covered only 800 hectares in 1982, compared with what the government estimated to be the optimal rate of 2,000 to 2,500 hectares yearly. Forestry officials have drawn up management plans but had no control over the management of customary lands. Although detailed surveys of the forests could raise the ecologically sound limits for forestry production—one foreign company estimated that there were 3 million cubic meters of exploitable reserves on Guadalcanal alone—scientists have cautioned that unless reforestation efforts are increased, the nation could become a net importer of timber in 15 to 20 years. The most difficult management problem concerned shifting cultivation and fuelwood gathering, which, some research suggests, has had worse effects than logging operations on forest degradation. Areas of Malaita were already experiencing fuelwood shortages. The government was planting fast-growing softwood species on an experimental basis for fuel and construction material in these areas.

Commercial fishing, which accounted for about 27 percent of the value of merchandise exports in 1982, has developed rapidly since the early 1970s. For more than a decade the government has participated in a successful joint venture with a Japanese company that landed significant quantities of skipjack tuna—about 18,000 tons in 1978. The Asian Development Bank helped the government finance a state-owned fleet in 1978. A modern replacement for the nation's cannery was expected to reach full production by 1985.

Coastal fishing, which was important for the subsistence economy, has not kept pace with the growing population. The use of modern nets, motorized boats, and fiberglass canoes has improved production but has also depleted some of the reef fisheries. Fishery management has therefore become a priority for future development. The country has also needed to improve its storage, transportation, marketing, and processing facilities to serve the inland population.

Industry and Services

The country's mineral resources have yet to be explored adequately. Alluvial deposits of gold totaling perhaps 311 kilograms have been located in north-central Guadalcanal; gold panners extracted from 12 to 22 kilograms of gold and two to three kilograms of associated silver each year. A foreign firm made an agreement with the government in 1983 to explore underground deposits of over 30 square kilometers in the mountains of this area in hopes of establishing a modest open-cut mine by 1987. Low-grade nickel, copper, and manganese deposits have been found on a number of islands, especially on Santa Isabel and in the Florida Islands. The small mines that have been set up in these areas have all failed. Some mining companies, however, believed that copper could be a major resource in the future. The most hopeful prospects were for some 55 million tons of bauxite reserves located on Rennell and a nearby island. The government has acquired rights to the land from the customary owners after lengthy negotiations, but the foreign firms involved have refused to establish a commercial venture until the serious shakeout in the world aluminum industry ended—perhaps in a decade or more.

The nation's energy resources were likewise undeveloped. During the 1969–72 period a few foreign oil companies conducted some 13,000 kilometers of offshore surveys, and during the 1978–82 period two aid teams conducted another 8,000 kilometers of surveys. No deposits have been found, however, although promising formations have been located in the New Georgia Sound and off the northern coast of Guadalcanal. The country's efforts to find oil were hampered by the lack of legislation concerning royalties and joint-venture arrangements; the legislature was considering a draft bill in 1983 that still failed to be explicit in its terms. The nation had excellent potential for geothermal energy at four fields on Vella Lavella, Simbo, Savo, and in western Guadalcanal, but the development costs would probably be prohibitive until the next century. Except for a site on the Lungga River near Honiara, hydroelectric resources were unresearched. The Lungga site was in the early stages of development, but the economical size of the project—about 21 megawatts—would produce more than twice the demand estimated for Honiara in the year 2000. Total energy production was difficult to estimate because some 44 percent came from fuelwood burned in the rural areas and another 25 percent from agricultural waste burned on the plantations. Petroleum imports accounted for the remainder

of commercial energy produced, including the 19 million kilowatt-hours of electricity generated by the state-owned electrical authority in 1981.

Transportation services were developed chiefly in the urban areas of Honiara, Auki, and Gizo, which together had about 100 kilometers of asphalt roads. The remaining 370 kilometers of main roads were surfaced with gravel or coral; in 1980 there were some 1,200 kilometers of secondary roads. There were 2,550 registered motor vehicles that year. Near Honiara the principal airport was able to handle aircraft as large as the Boeing 737; Munda could handle turboprop aircraft. There were 18 other airfields around the country serving smaller planes. Solomon Islands Airways operated six small and one large propeller aircraft in 1981, but foreign airlines carried nearly all the international traffic. The two ports of entry were at Honiara and at Yandina on Russell Island. Honiara had two wharves capable of berthing vessels up to 198 meters long and having less than a 9.1-meter draft. International ships sometimes put in at smaller ports. Interisland shipping services, which were probably the most important means of domestic transportation, were provided by 34 government-owned and 106 other vessels in 1981.

Communications services were developing rapidly, but in the early 1980s only the three urban centers had telephone exchanges. There were some 2,500 telephones in service in 1980. Honiara alone was connected to the international communications network via satellite. Rural areas were linked only through radio communications. The Solomon Islands Broadcasting Corporation, an autonomous government body, transmitted 118 hours of programs each week from Honiara and Gizo. An Australian aid program was expanding the number of studios and broadcasting range. There were seven general post offices and some 80 postal agencies scattered around the country in 1980; mail normally traveled by air.

Manufacturing was still in its infancy and confined primarily to the processing of commercial agricultural products. In the early 1980s the major manufactures were palm oil, milled rice, canned fish, furniture, processed food, small boats, detergents, tobacco products, and batteries.

Tourist arrivals increased by over 15 percent per year from 1971 to more than 7,000 visitors in 1980. About 38 percent of these were from Australia; Papua New Guinea, the United States, and New Zealand each contributed about 4 percent of the visitors. The government-run Solomon Islands Tourist Authority was actively promoting the attractions of the country's scenery and



*Development project outside of Honiara
Courtesy Steven R. Pruett*

friendly people.

Local commerce was dominated by cooperatives in the rural areas. In 1979 there were 238 primary and five secondary cooperatives marketing agricultural products and consumer goods and having a membership of some 16,000 households. A few of the cooperatives were credit unions. Many rural households, however, still engaged in barter trade as the primary means of exchange; some even continued to use traditional currencies made of feathers or shells. Private companies were located in the urban areas; in 1978 there were 206 companies, of which 49 were incorporated overseas—the majority in Australia.

The Political System and Security

The Constitution, contained in the independence orders issued in 1978, affirms that the basic rights and freedoms of the individual are inalienable—including life, liberty, and privacy. Articles dealing with these fundamental human rights, the legal system, parliamentary elections, and the positions of auditor general and ombudsman may be amended only with the assent of three-

quarters of the Legislative Assembly; other articles may be changed with a two-thirds majority.

The titular head of state is the British sovereign, represented by the governor general, a Solomon Islander who is appointed upon the recommendation of the Legislative Assembly. The head of government is the prime minister, who is elected by a majority of the parliament from among its own members. The prime minister and cabinet may be removed by a vote of no confidence or must stand for reelection after the normal four-year term of parliament ends. Parliament is a legislative body of not fewer than 30 and not more than 50 members elected from single-member constituencies by all individuals over the age of 18. Since 1976 there have been 38 constituencies.

Local government organization has been in a constant state of flux. Seven local assemblies and one town council for Honiara were retained as part of a provincial government structure after independence. The inhabitants of the eight areas had developed loyalty to these institutions. In 1982, however, the Mamaloni government transferred some 500 civil servants and about 23 percent of the central government budget to five provincial administrations that merged Santa Isabel Province into Central Islands Province and consolidated Makira/Ulawa and Eastern Islands provinces into one administration called Makula/Temotu Province. Each provincial government was headed by a cabinet minister. The Honiara town council, after mismanaging some government funds, lost many of its budgetary powers to Guadalcanal Province. As far as could be learned in mid-1984, however, the eight original councils were still in existence.

The legal system is headed by the High Court, which is presided over by a resident chief justice assisted by visiting judges from Papua New Guinea, Australia, and elsewhere as necessary. The chief justice also heads the Court of Appeal. Magistrate's courts, presided over by trained resident magistrates or sometimes lay judges, have limited jurisdiction over criminal and civil cases at the local level. Local courts run by elders of the community hear cases involving petty crime and civil suits, traditional law, and local government. In 1975 the government set up customary and appeal courts to handle appeals from these local courts. The judiciary is independent of the executive government. In 1983 the High Court ruled in favor of a claim by the parliamentary opposition that the pardoning of a former cabinet minister convicted on assault charges had been unconstitutional.

Domestic Politics and Internal Security

Solomon Islands politicians have been the first to admit that much of the nation's politics consisted of intense personal infighting over the spoils and perquisites of power. The most critical of the country's young leaders, however, remained hopeful that responsible and responsive politicians would make up the majority in time. One influential labor leader noted that Solomon Islanders tended to vote as individuals, not as party members, and have voted for independent candidates as often as not. The freedom that has characterized electoral and parliamentary politics also boded well for the future of the political system.

In early 1984 the government consisted of a shaky coalition of two political parties and independent members of parliament forged in mid-1981. In the 1980 national elections, the first since the country's independence, Peter Kenilorea's Solomon Islands United Party (SIUPA) won 16 seats, compared with only 10 seats won by Solomon Mamaloni's People's Alliance Party (PAP). In August 1981, however, PAP joined hands with the two parliamentary representatives of the National Democratic Party (NADEPA) and nine of the remaining independents to form a new governing coalition under Mamaloni's leadership. The Mamaloni group presented a so-called program of action promising to create a federated republic, devolve important responsibilities to the provinces, establish an alliance of Melanesian states, expand the country's defense forces, reorganize the government's holdings in the national airline, create a central bank, begin a national lottery, and establish diplomatic relations with China.

PAP and SIUPA were not ideological parties. The former was a merger of two parties, one of which was associated with Mamaloni, who had left politics for business in 1976 but returned in 1979 to launch the merger and get himself back into parliament. SIUPA was formed only in 1979, when Kenilorea who had been catapulted directly into office by independent members of the parliament at independence, prepared for reelection. NADEPA was a more ideological party, formed in 1976 as the political arm of the nation's largest labor union, which was considered "left-wing" because of its affiliation with a Moscow-led international labor federation. The head of NADEPA, Bartholomew Ulufa'alu, has nonetheless surprised the business community with his pragmatism and integrity as finance minister since 1981. Most of the parliamentarians, according to one influential labor leader, could easily be affiliated with any political party. Over 60 percent of the

parliamentarians failed to regain their seats in the 1980 elections.

The year 1983 was a difficult one for the Mamaloni coalition. The prime minister sacked two cabinet ministers in April, ostensibly for refusing to change portfolios but also because they were in trouble with the law. In June he dismissed the minister of police, and Mamaloni's edge in parliament narrowed. He escaped a vote of no confidence in July, however, when one of his former cabinet ministers withdrew the motion for lack of support. A cabinet shake-up in early 1984 was perhaps in preparation for the parliamentary elections required in 1985.

The labor unions were probably the most active political interest groups in the country. The Solomon Islands National Union of Workers (SINUW) was the largest, claiming some 10,000 of the paid work force of only 22,000 or so in 1983. Its leader, Joses Tahanuku, and his associate, Ulufa'alu, founded the organization in 1976, and since then both men have traveled to Moscow to participate in forums held by the communist-affiliated World Federation of Trade Unions. Neither man considered himself to be a communist. During the first two years of its existence, SINUW initiated a number of strikes and job actions to prove that it means business; such actions are perfectly legal under the constitution. It has been particularly active in the plantation sector. SINUW has steadfastly refused to join in a tripartite forum with the government and business leaders to set basic wages and work guidelines. Since 1981, however, three-person panels that included one representative from each of the interested parties have been set up to handle individual disputes. The second largest union in the country was the Public Employees Union, which had about 2,000 members. There were 14 other smaller unions.

Internal security has not been threatened by such actions as strikes or political protests. The most common security problems were individual crimes, such as assault and thievery. The police force was extremely small for a nation as spread out as Solomon Islands. In 1980 there were only 16 senior officers, 19 inspectors, and 388 other ranks; in 1984 the staff was estimated to number around 500. Police headquarters was located in Honiara, and there were 18 other stations around the country.

Foreign Relations and National Security

The primary aim of Solomon Islands foreign policy has been to secure friendly relations with its major trading partners and aid donors, with other Pacific island states—especially its Melanesian

neighbors—and with developing countries of the world in general. It has been neutral with respect to the world's superpowers. The government has talked about diversifying its relationships as much as possible, suggesting that it might open relations with communist countries, but its actions have run counter to this purpose. In general, the nation's interests were most closely intertwined with those of the noncommunist countries. As the prime minister said in a speech in 1983, "Solomon Islands people do not accept communism because they wish to enjoy the freedom of democracy and the traditional values they have survived under for many years." Therefore, the government "has established diplomatic relations only with countries who have shared the same democratic relations."

Britain, Australia, New Zealand, and Japan were by far the most important trading partners and aid donors. Britain agreed that it would provide direct budgetary assistance through 1982. Although that has tapered off, Britain committed some 38 percent of the bilateral grants pledged in 1983. In addition, Solomon Islands had accumulated SI\$1.3 million of outstanding interest-free loans from Britain by the end of 1982. By virtue of its relationship with Britain, the country received special export arrangements and financial support from the EEC under the terms of the Lomé Convention.

Australia had become the largest bilateral aid donor by 1983, committing 58 percent of the total. In mid-1983 it pledged SI\$30 million for a five-year period beginning in July, but the Solomon Islands government was unhappy about the level of assistance, which it felt to be far short of the aid granted to other Oceania countries. Bilateral trade decreased somewhat in the 1970s to about 34 percent of imports and 3 percent of exports in 1982, despite the SPARTECA arrangement. Australia also provided some SI\$4 million in defense-cooperation aid in 1983—on a per capita basis, the highest granted by Australia to any country in Oceania.

Japan has been the country's largest export market because of its need for timber and fish. About 2 percent of bilateral assistance came from Japan in 1983. In addition to cooperating in a fishing joint venture, the Solomon Islands government has allowed Japanese tuna boats to work grounds beyond the nation's territorial sea but within its EEZ. In return, the Japanese companies have conducted research on the fishing stock and provided other goods and services.

New Zealand's bilateral aid commitments have been a modest 1 percent of the total, but the nation has also offered to train Solomon Islander medical personnel for free. New Zealand mili-

tary engineers provided some services to the country in 1981.

Solomon Islands maintained friendly relations with the other areas of Oceania. It supported the initiatives of the South Pacific Forum to establish a nuclear-free zone in the Pacific and to bring independence to New Caledonia. The country did, however, pull out of the Forum Shipping Line in 1983 because of the financial costs and limited benefits for Solomon Islands. Relations with the other Melanesian states were especially close, and the government has called for the creation of a Melanesian alliance—excluding Fiji—that would cooperate in endeavors such as patrolling their combined EEZs. Vanuatu has proposed a similar subregional organization, but Papua New Guinea was apparently not favorably disposed toward the proposal.

Relations with Asian countries were improving, the major exception being China. In 1983 the government established diplomatic relations with Indonesia and recognized that country's control over East Timor, a move that angered the NADEPA members of the ruling coalition. Consular relations were also established with Taiwan, which provided some fisheries and agricultural aid to the country and was a minor trading partner. China was upset at the government's links to Taiwan but has continued plans to aid in the construction of a sports arena in Solomon Islands. It would not, however, agree to open formal relations with Solomon Islands until the open links with Taiwan were severed. Singapore and the Republic of Korea (South Korea) were significant trading partners, and a South Korean company has been active in the forestry industry.

In early 1984 the nation's antinuclear policy marred its generally friendly relations with the United States. After unionized dockworkers refused to service a visiting United States naval vessel in February, the government announced that any ship making port calls or even transiting its extensive territorial seas would have to give a written pledge that it was neither nuclear-powered nor carried nuclear weapons. The United States has refused to do this as a matter of policy. As of mid-1984 it was unclear how firmly the Solomon Islands government would apply its policy.

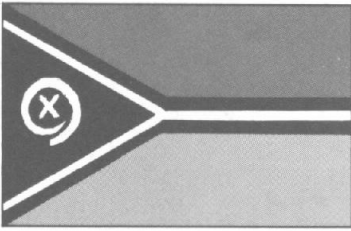
The Soviet Union did not have diplomatic relations with Solomon Islands. After coming to power in 1981, Mamaloni mentioned diversifying the nation's sources of aid, possibly to the Soviet Union, Cuba, and Libya. As of early 1984, however, the government had not moved to woo such countries as these.

Solomon Islands belonged to a number of international organizations. It set up a permanent mission to the UN in late 1983 in an office provided by Australia to a number of the smaller

Pacific states. In a speech before the General Assembly, Mama-
loni requested that the organization should make it easier for
poorer nations to maintain permanent representation. Over one-
third of the government's outstanding debt at the end of 1982 was
borrowed from international organizations of which it was a
member—chiefly the Asian Development Bank, but also the
IMF and World Bank. Another 8 percent of the debt was from the
European Development Fund of the EEC, of which the country
was an associate member.

The nation perceived no external threat to its security in
1984 and had no armed forces other than the police. One unit of
the police force, however, has been chosen as the nucleus for a
specialized external defense force; it consisted of about 50 men
and was attached to the Prime Minister's Office. It was unclear
whether this new unit would take over the management of the
country's only coastal patrol boat. A new boat was being re-
quested from Australia, and the government was moving ahead
with plans to purchase two craft from Taiwan and to build one of
its own.

VANUATU



Flag: Yellow pig tusk curved around crossed palm fronds in black triangle on left with horizontal yellow "Y" bordered in black separating red-brown upper field and green lower field

Official Name	Republic of Vanuatu
Previous Name	New Hebrides
Political Status	Independent state (1980)
Capital	Port-Vila
Population	132,000 (1984 midyear estimate)
Land Area	12,000 square kilometers
Currency	Vanuatu vatu (VT)
Major Islands and Island Groups	Espiritu Santo, Malakula, Efate, Pentecost, Ambrym, Erromango, Tanna, Aoba, Maewo, Banks Islands, Torres Islands

Physical Environment

Vanuatu consists of some 80 islands and islets located between Solomon Islands in the north and New Caledonia in the south and scattered in the pattern of a broken "Y" (see fig. 9). The two largest islands, Espiritu Santo (or just Santo) and Malakula, account for nearly half of the total land area. They are volcanic islands and have terrain marked by sharp mountain peaks, plateaus, and lowlands. The larger of the other islands are also of volcanic origin but are often overlaid with limestone formations. The smaller islands are coral and limestone, but the only purely coral atoll of significance is Rowa in the Banks Islands. What coastal plains do exist on the volcanic islands are narrow. Volcanism still causes minor earthquakes, and one of the few active volcanoes last erupted in 1945.

Southeast trade winds prevail throughout the year but sometimes give way to short periods of calm, which from November to April can be accompanied by moist northerly or easterly winds. Hurricanes strike during the January to April period. The temperature averages around 26°C on Espiritu Santo, about 24°C on Efate, and 23°C on Tanna. The southernmost islands can cool significantly in winter, which runs from June to September. Rainfall averages about 2,360 millimeters per year but can be as high as 4,000 millimeters in the northern islands.

The flora consists primarily of rain forest, coconut palms, garden plots, and scrub. The indigenous fauna are mostly pigeons,

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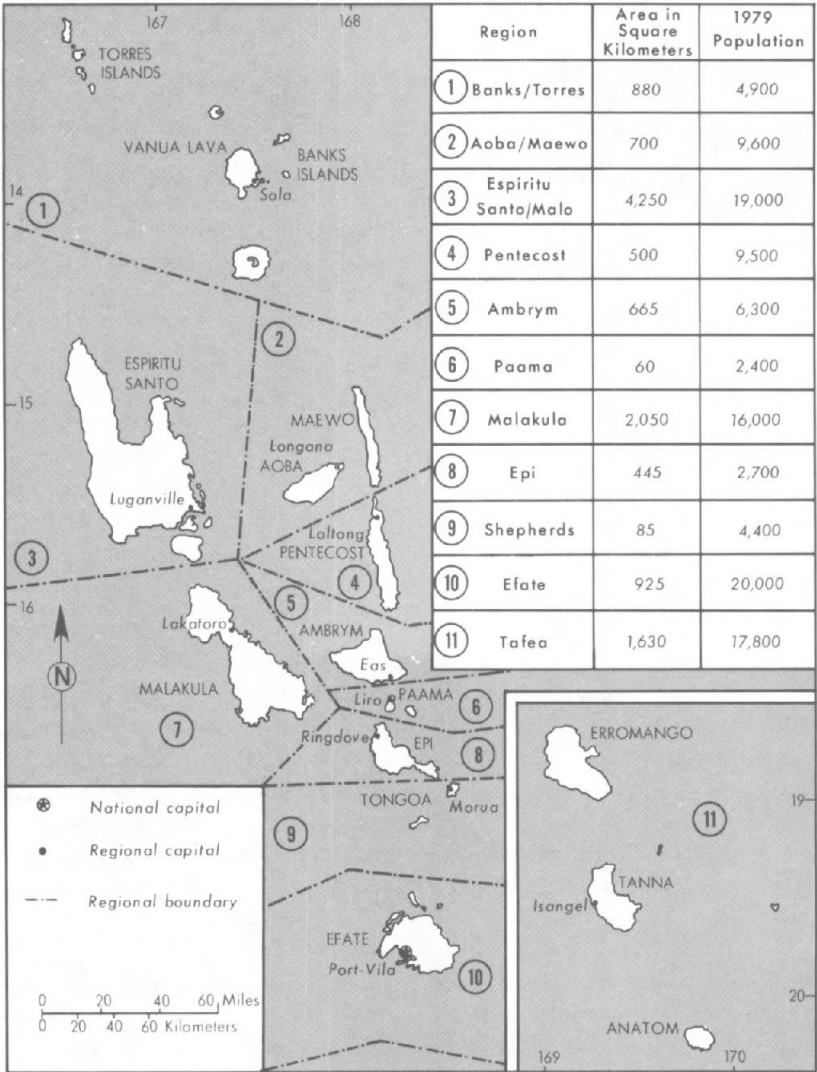


Figure 9. Vanuatu, 1984.

parrots, lizards, sea life, and insects—among them the malarial mosquito. Livestock and domesticated animals have been imported, although traditionally the farmers have raised small pigs valued for their curled tusks.

According to the January 1979 census, some 85 percent of the population of 112,700 lived in rural areas outside the two

urban centers, Port-Vila on Efate and Luganville on Espiritu Santo. Although the average population density was only 10 per square kilometers, there was much variation. The rural population was distributed in some 2,300 settlements having from 25 to 200 people each; the average size was about 40 inhabitants. During the period between the 1967 and 1979 censuses, the population expanded at a rate of 3.1 percent per year; the proportion of people under 15 years of age rose from 35 to 45 percent. During the 1960s and early 1970s immigration to the urban areas was significant, but thereafter the growth rate of the urban population averaged about the same rate as that of the population in general.

Historical Setting

The prehistory of Vanuatu is vague; no archaeological evidence has been found to support the commonly held theory that peoples speaking Austronesian languages first came to the islands some 4,000 years ago. Archaeologists have discovered potsherds from the Lapita culture dating back to 1300–1100 B.C. in the northern islands and to about 350 B.C. on Efate (see Prehistory, ch. 1). A different kind of pottery, bearing incised and applied-relief designs, has been found in the central islands and dates from at least 700 B.C. Around A.D. 1200 a sudden immigration of peoples replaced this culture on Efate, Tongoa, and the smaller central islands. The newcomers, led by a chief known as Roymata, practiced a burial ritual involving the voluntary sacrifice of persons close to a dead chief or other important persons.

The first European to discover the islands was Pedro Fernández de Quirós, who named Espiritu Santo in 1606, but neither he nor the other explorers and navigators who charted the area 150 years later had much effect on the islands. Trader Peter Dillon, however, discovered stands of sandalwood and began an eventual rush to the island of Erromango in 1825. The rush ended in 1830 after a clash between immigrant Polynesian workers and the indigenous Melanesians. The sandalwood trade resumed in 1839 and spread to the other islands, finally centering on Espiritu Santo in the 1860s. Many of the traders were little more than ruffians who introduced firearms and alcohol to the area and often embroiled themselves in the local blood feuds. Their activities and the European diseases they carried tended to disintegrate and depopulate the indigenous cultures.

In 1839 Christian missionaries began what was to be one of the bloodiest and most difficult efforts in the Pacific. The London Missionary Society lost European and Polynesian missionaries

alike at the hands of the local Melanesians, who often attacked them in retaliation for atrocities perpetrated by other Europeans. In 1848 a Presbyterian missionary from Canada began a grim episode that turned the tables on the locals; he had visiting naval ships bombard the villages that resisted his efforts. The Anglican bishop of New Zealand had launched a less militant effort in 1847.

In the 1860s the trade moved from sandalwood to human labor. Planters in Australia, Fiji, New Caledonia, and the Samoa Islands were in need of agricultural workers and encouraged the so-called blackbirding of the islands population. At the height of the labor trade, more than half of the adult male population of several of the islands was abroad. The labor trade caused the outbreak of violent conflicts, further extended the influence of European disease and alcohol, and set back the precarious missionary effort.

Actual settlers first entered the islands in the 1870s, looking for land on which to establish cotton plantations. After the collapse of international cotton prices they switched to coffee, cacao, bananas, and, most successfully, coconuts. The earliest European settlements were concentrated on Tanna and Efate but spread gradually northwards. By 1905 there were about 500 European settlers and 240 missionaries in the islands. At the start, British subjects from Australia made up the majority, but the establishment of the Caledonian Company of the New Hebrides in 1882 soon tipped the balance in the favor of French subjects. By 1885 the company claimed it had purchased 80 square kilometers of land. British subjects came to work for the French company, and a few even changed their citizenship. By the turn of the century, French nationals outnumbered the British two to one.

The jumbling of French and British interests in the islands brought petitions for one or the other of the two powers to annex the territory. The issue came to a head in 1886, when the French government in New Caledonia sent troops to Port-Vila to quell disturbances there, prompting Britain to begin earnest negotiations. Anglophone missionaries lobbied strongly for a British administration to counteract what they thought to be atrocious tactics used by the Caledonian Company against the local inhabitants. A convention between the two powers in 1887 set up a joint naval commission to police the area along with the rudiments of an administrative structure. In 1906 further discussions led to the establishment of the Anglo-French Condominium of the New Hebrides—what one historian has called an “elaborate joke.” Each power created its own separate administrative structure to serve its nationals and together set up a joint administration over

the indigenous Melanesians.

Rivalry between the French and the British continued primarily in the economic sphere. The French, who were allowed to import indentured laborers from French Indochina, quickly demonstrated their superior entrepreneurship. By 1938 the population included 219 British, 687 French, 29 other Europeans (i. e., whites), 2, 183 Asians (mostly Vietnamese), and some 47,000 indigenous people who continued to be ravaged by disease.

The Melanesians became increasingly dissatisfied with their lot. As early as 1905 laborers returning from overseas staged political protests on Tanna. It was not until the coming of the Americans during World War II, however, that political activism became significant. The demeanor and apparent wealth of the United States soldiers, who used the New Hebrides as a staging ground, helped expand the influence of an indigenous cargo cult that promised deliverance of the Melanesians by a messianic figure named John Frum. Remnants of the John Frum movement could be found on Tanna 30 years after the war. A different movement, called Nagriamel, arose on Espiritu Santo in the 1960s. Led by Jimmy Stephens (sometimes rendered Stevens), Nagriamel demonstrated for the repossession of undeveloped lands under European ownership and full political control for the Melanesians.

The most important political movement, however, was the National Party, which emerged as a powerful force in the 1970s. Having strong ties to the Presbyterian church and dissociated from cargo cults, the young leaders of this party pressed urgently for greater representation. In 1975 the Representative Assembly was formed along with municipal councils in Port-Vila and Luganville. Although pro-French parties triumphed in the municipal elections, the National Party—which renamed itself the Vanua'aku Pati (VP) in 1974—won all the elected seats in the assembly. The inability of the VP to dislodge appointed Francophone representatives to the assembly, however, caused it to boycott both the assembly and new elections scheduled for 1977. The VP also set up a separate government. The boycott gave the pro-French parties control of the assembly only briefly; a government of national unity was created in 1978 after negotiations had established a timetable for full independence by 1980. The VP won 26 of 39 seats of the fully elected assembly in late 1979.

Opposition groups on Espiritu Santo and Tanna, however, refused to go along with the results of the election and the plans for independence. On July 29, 1980, when Vanuatu became an independent state, Jimmy Stephens' Nagriamel, in alliance with

French interests, maintained that Espiritu Santo was independent of the new government. After negotiations failed, the government requested troops from Papua New Guinea and Australia to help arrest the secessionists. On August 29 Stephens and 70 others were arrested, and in the next two months another 260 supporters were rounded up, many of whom were deported. Two secessionists were killed in the operation—one, a son of Stephens.

After putting down the movement, the government of Prime Minister Walter Lini faced several monumental tasks. The integration of the three separate governments left over from the condominium was difficult for a country short on skilled administrators. More problematic was the implementation of economic and educational policies to link the Anglophone and Francophone, rural and urban, Christian and non-Christian, and traditional and modern communities in a spirit of cooperation and nationhood. Among the most vexing policies was that of land reform, which promised to return to customary ownership all lands acquired by the Europeans under the condominium.

The Social System

The main division in the society is that between the indigenous Melanesians, called ni-Vanuatu, and the small minority of European, Part European (white), Asian, and other Pacific islanders. Although the ni-Vanuatu made up 94 percent of the population, according to the 1979 census—about 98 percent of the rural and 73 percent of the urban population—it was extremely fragmented. One official count suggested that there were over 100 indigenous languages in use in 1981. Although the government has ruled that the local pidgin, called Bislama, is to be the national language, English and French are also official languages, separate Francophone and Anglophone ni-Vanuatu communities having emerged during the condominium period. Religious differences between the communities reinforced the linguistic separation, but the most important religious split was probably between Christians and non-Christians. The latter, who made up about 16 percent of the population, followed their customary ways, known as *kastom*. Ironically, the Christian-dominated government has seized upon *kastom* as a syncretic ideology that could join all groups into a common national identity.

The diversity of traditional social organization and behavior and their modern transformations make it almost impossible to define *kastom* (see Solomon Islands, this ch.). Each ni-Vanuatu

community had its own *kastom* whereby it legitimized secular and religious patterns of authority, land ownership, and ritual. For most ni-Vanuatu communities, the stereotypical Melanesian “big man” model, tailored to local circumstances, could describe the basis of social interaction (see Melanesia, ch. 1). Graded societies of the classic Melanesian type were especially prevalent in the northern islands, where matrilineal descent groups were common. Hereditary systems of male authority have emerged in parts of the central islands, where church organization has dovetailed nicely with customary structures, providing a vehicle for certain male lines to remain dominant. The customary relationship between the sexes varied from community to community. In the matrilineal societies women generally were treated as equals in all but political interactions. In the societies based on patrilineal descent groups—particularly on Malakula, Ambrym, southern Pentecost, and Tanna—males maintained hegemony over most spheres of social interaction.

The Christian churches have had a profound influence on the ni-Vanuatu societies. About 40 percent of the population was estimated to be Presbyterian in 1980, and most of this denomination was located in the central and southern islands. The Anglican church, which attracted about 16 percent of the population, had its greatest following in the northern islands. About 14 percent of the population was Roman Catholic, and an equal proportion was affiliated with the Church of Christ, French Protestant denominations, the Seventh-Day Adventist church, and others. Each church interacted with *kastom* in different ways. Anthropologist William Rodman observed that in one community on Aoba the Church of Christ had replaced the traditional graded social order with its own strict religious leaders, whereas the Anglican mission had merged its leadership into the traditional order. He noted that the latter was more open to initiatives from the central government during the 1970s. Over time, however, most of the churches have grown more tolerant of *kastom*; there has been less open concern about smoking, drinking, premarital sex, magic, taboos, and superstition left over from the traditional society or emerging from the contact with modern secular culture. This growing tolerance has come about as the missionaries were replaced by ni-Vanuatu priests and ministers, although some were stricter than the foreign missionaries. The dominant Presbyterian church came under independent local control as early as 1948.

Conflicts between Christian and *kastom* villages have occurred. Sometimes, as in land disputes, the conflicts were purely secular; the identification with Christianity or *kastom* was merely

a convenient way of rallying political support to one claim or the other. In other cases, however, religious principles were at stake. A story from southern Pentecost by reporter Julie-Ann Ellis showed the practice of *kastom* with an interesting religious twist. In this instance two villages, one converted to the Church of Christ and the other following *kastom*, joined to stage a ritual where males dive from tall towers headfirst with only the protection of two vines attached to their ankles. The issue was not the diving, which everyone found to be good fun, but the scanty, indigenous clothing that the observing tourists had expected to see. The inhabitants of the Church of Christ community wore Western attire for the ceremony but traditional clothes for the diving; afterwards they debated whether they should make concessions for the sake of tourists, though the Christian villagers thought the traditional clothes to be vulgar.

The market system, cash cropping, and demand for modern commercial commodities were also affecting the society. Anthropologist Margaret Rodman has even argued that a class of rich peasants was arising in some rural areas, based on their ownership of large parcels of coconut land. These prosperous ni-Vanuatu were hiring wage laborers to work their lands; others were beginning cooperative enterprises to market produce or manufacture articles for sale in the urban areas. These emerging entrepreneurs, however, legitimized their position by referring to the ideals of *kastom*, which granted status to successful leaders who were able to amass material goods and land. Other anthropologists have noted that the ideology of *kastom* suited quite well the development of innovative roads to personal wealth and status.

Outside of the ni-Vanuatu community, Europeans made up about 2 percent, other Pacific islanders 1 percent, and others—chiefly Vietnamese and Chinese—about 3 percent of the population. Three-quarters of these ethnic minorities lived in the urban centers and dominated urban trade. Some were expatriate civil servants at work only temporarily in Vanuatu, but others had chosen to become citizens.

Education is a major avenue to social advancement for the ni-Vanuatu and other communities alike. In terms of *kastom*, education represents the special knowledge required of those who would be leaders. Vanuatu has, however, inherited two systems of education, one French and one English, which the government has been trying to merge into a single system. In 1980 there were 170 government-assisted and unassisted English-medium primary schools and 115 government-assisted French-medium pri-

mary schools that enrolled 11,300 and 12,400 students, respectively—about 75 percent of the relevant age-group. Six English and four French secondary schools accommodated about 2,000 students—some 17 percent of this age-group. The only tertiary institutions were a small teacher's college graduating about 12 instructors per year and a center of the University of the South Pacific that offered correspondence courses leading to study abroad. Schooling was not free at any level, but the French and British governments, as well as church groups, granted substantial amounts of assistance to keep costs low for the ni-Vanuatu. In fact, one of the problems in unifying the school system was the government's fear of upsetting either France or Britain and jeopardizing this important aid.

The provision of health services has been easier to amalgamate into one system than that of education services, and the ni-Vanuatu have seen their health standards improve substantially. Two major hospitals in the urban centers, eight smaller ones, some 39 clinics, and 52 rural dispensaries provided about one physician for every 4,500 people in 1981. Some islands, however, were isolated from the medical centers, and the government hoped to finance a mobile floating clinic. Only five of the 22 physicians in the country were ni-Vanuatu. The major diseases of concern were tuberculosis and malaria, primarily in the rural areas. Because of the low population densities prevailing on most islands, there has been no emphasis on family planning.

Other government programs and projects related to social welfare were also affecting and responding to changes in the society. The Women's Affairs Office, which originally concentrated on the traditional roles of homemaking and child rearing, has allied itself with the increasing number of women's groups advocating enhanced status for women, which went under the banner of the Vanuatu National Council of Women in the early 1980s. The government was in the early stages of forming a social welfare department to address such problems as unemployment, poor living conditions, alcoholism, delinquency, child abuse, and rape—particularly in Port-Vila and Luganville. The Department of Culture has also been established to manage a planned new cultural center for traditional arts.

The Economy

Vanuatu inherited a sharply dualistic economy from the condominium era; about 80 percent of the population was employed in agricultural activities that ranged from pure subsistence farm-

ing to smallholder farming of coconuts and other cash crops, while the remaining minority was engaged in the two small urban centers in much more remunerative nonagricultural pursuits. The service sector, including government services in particular, accounted for over half of GDP, which, because of the size of the subsistence sector, was an extremely tentative estimate. Excluding wages paid to expatriate employees, which were as high as 15 times the national average and supported almost exclusively by foreign assistance, per capita GDP was estimated to be the equivalent of around US\$600 or less in 1982.

Charting macroeconomic trends was difficult because the statistical capabilities of the National Planning Office (NPO) were so limited. Estimates suggested, however, that real GDP grew by less than 1 percent per year on average during the 1979–82 period. The political disturbances surrounding independence caused a major decline in economic production. Inflation, measured by the Port-Vila consumer price index, was over 18 percent in 1980 and 27 percent in 1981 as import costs rose precipitously. The overall balance of payments remained positive, however, because of the large inflow of foreign assistance.

The macroeconomic picture was obscured also by the existence of an uncontrolled financial sector that catered to the needs of some 1,000 tax-exempt foreign companies—including some 70 banks—that sheltered some of their international transactions in Vanuatu. The Central Bank, which was understaffed and concerned primarily with replacing the old currencies with the new Vanuatu vatu, did not exercise its statutory powers of controlling the monetary system. The five commercial banks—all foreign controlled—could make transactions with the financial agents of the tax-exempt companies and often kept much of their loan portfolios denominated in foreign currencies. Lending inside Vanuatu has therefore been low compared with the high level of monetary liquidity. The government-owned Vanuatu Development Bank and the National Cooperative Savings Bank, however, planned to extend domestic loans equivalent to about 2 percent of GDP in 1982.

Lacking monetary control, the government has used development expenditures and fiscal policy as the principal means of influencing economic development. Public expenditures increased rapidly during the 1970s and probably contributed to inflation. During the 1980–82 period, however, real expenditure decreased, but overall spending was still equivalent to about 36 percent of GDP. Domestic revenues, which came almost exclusively from import duties because there was no income tax, were



*Market in Port-Vila
Courtesy Steven R. Pruett*

estimated to be less than one-half of total expenditures and about two-thirds of current expenditures. The so-called fiscal gap was made up by budgetary support from the two former condominium powers, development grants, and loans. In addition, the salaries of some 400 expatriate administrators in the middle and upper levels of the government were heavily subsidized by the former ruling powers outside the normal budget. Some budgetary support was tied to the maintenance of specific programs, such as the French-medium education system. The government, therefore, has been trying to diversify its aid sources and eliminate the deficit in the current budget.

The NPO has consolidated the government's development priorities, projects, and financing strategies into the First National Development Plan, 1982–86. The major goals were balancing regional and rural growth, increasing the use of natural resources, expanding employment opportunities for ni-Vanuatu, fostering indigenous entrepreneurship, preserving the cultural and environmental heritage, and attaining a measure of self-re-

liance. Development expenditures were expected to average some 20 to 25 percent of GDP over the plan period, about twice the level in 1980 and 1981. Some 59 percent of these expenditures were devoted to productive enterprises, of which almost two-thirds was earmarked for the agricultural sector. Infrastructure development would require 23 percent of development expenditures, social services 15 percent, and general government services another 3 percent of the total.

The success of the development program, however, depended on the availability of funds from the principal aid donors: Australia, Britain, France, Japan, and New Zealand. According to government estimates in late 1982, aid commitments would finance about 55 percent of the development program. The remainder would be gleaned from commercial or concessional lending institutions. The dependency on bilateral assistance has made long-term financial planning difficult and subjected the budget to political exigencies. During the disturbances of 1980, for example, France temporarily suspended its aid payments. Many aid payments were tied to specific projects or to imports from the donor countries.

The persistent trade imbalance, however, made it difficult for the country to finance its expenditure program from the international loan market. In 1982 domestic exports were equivalent to 11 percent of GDP; earnings from reexports pushed this up to 13 percent. Imports were equivalent to 45 percent of GDP, leaving a trade deficit of 32 percent of GDP. Receipts from tourism, travel services, and offshore banking closed this gap to about 9 percent of GDP. Foreign assistance, which totaled 34 percent of GDP, more than offset this gap. Many of the imports, however, were associated with development aid and would also decline if the level of assistance were reduced, as the former condominium powers intended gradually to do. The leading exports were copra, meat products, cacao, timber, and reexported fish, and their principal destinations were the Netherlands, Belgium, New Caledonia, and France. Imports consisted chiefly of consumer items and industrial supplies; the principal suppliers were Australia, Japan, New Zealand, France, and Fiji.

The country's export prices have proved volatile, while import prices have risen steadily with international inflation. The exchange rate has also caused disturbances to the domestic economy. The currency was initially pegged to the French franc, which depreciated greatly in value during the early 1980s, making imported items all the more expensive and pushing inflation to all-time highs. In September 1981 the Central Bank began to

peg the currency to the special drawing right, a unit of account used by the IMF and consisting of five major currencies. Because of this switch in valuation and an upswing in foreign capital inflows after the disturbances of 1980, the local currency has appreciated in value, reducing external inflationary pressures.

In mid-1984 the economic prospects for Vanuatu seemed bright. Unemployment was unheard of because most ni-Vanuatu depended on subsistence farming of some sort that could absorb labor onto new lands. As the educational achievements of the ni-Vanuatu progressed, however, the desire for modern forms of employment was likely to increase. Even after rationalizing the provision of public services by eliminating redundancies in the organizations left over from the condominium period, the economy would have to develop productive activities that could finance its expensive government requirements.

Agriculture, Forestry, and Fishing

Although 45 percent of the land area has been estimated to be suitable for agriculture—some 23 percent was thought to be extremely fertile—only 17 percent of the area was under cultivation or cattle grazing in the early 1980s. Coconuts, cacao, and coffee were planted on about 69,000 hectares; subsistence crops and pigs were raised on about 112,000 hectares. Cattle grazed on about 30,000 hectares of pure pastureland and 8,000 hectares of coconut plantations. Customary owners managed about 143,000 hectares and “owned” another 120,000 hectares of undeveloped land. A few ni-Vanuatu individuals or villages operated 250 hectares of plantations; church estates covered 16,000 hectares. Forests of varying density make up some 75 percent of the land.

A major goal of the independence movement was to return the ownership of all land to ni-Vanuatu. The so-called alienators of land sold during the period of condominium government are entitled under the constitution and land legislation passed in 1980 to remain on their farms until they negotiate leases or receive compensation for improvements to the land from the customary owners. Alienators must, however, actively use the land in question, maintain it in good condition, and pay all taxes due on it to the government. Land not meeting these requirements reverts to the government for distribution to the customary owners. During the condominium period foreigners alienated about one-fifth of all land.

Returning the land to the customary owners and registering the vast amounts of untitled land have been problematic. In the

two urban areas land corporations were set up in 1981 to negotiate leases with some 2,600 titleholders; by 1982 only 650 titleholders had submitted the necessary applications—many fraught with legal complications. Neither the customary owners nor the government had the funds to compensate the alienators for land improvements, and several politicians have tried to eliminate the provision for repayments. The expatriate director of rural lands resigned in 1982 over what he felt were inadequate provisions for reimbursement. Some 300 titles in the rural areas were on land deemed to be state-owned during the condominium, requiring the government to determine whether they should be returned to customary owners. In areas where land was being registered for the first time, villages and clan groups separated by religious or political differences have often claimed the same parcel. In 1982 the government turned over the adjudication of the mounting number of land disputes to island courts that were in the earliest stages of formation.

About 11,000 out of 34,000 ni-Vanuatu farmers in 1979 were exclusively subsistence growers, and nearly all of the rest depended on subsistence farming for most of their household needs. The basis of the subsistence sector was the raising of taro, yams, sweet potatoes, kava, manioc, and pigs. Each household of approximately five people grew subsistence crops on an average of about eight hectares of land; in the densely populated parts of the Shepherds and Efate regions, however, the area per household was two to three hectares. The crops were easy to cultivate and produced yields of about 18 tons per hectare harvested. Because an agricultural census has not been conducted, actual production was unknown. Subsistence gardens were normally worked for three years and then left to regenerate for 15 to 25 years.

The cash needs of smallholder farmers were met principally from the gathering of coconuts on about 47,000 hectares of local stands; smallholders accounted for three-quarters of the annual 46,000 tons of copra produced in the 1976–80 period. About one-quarter of the trees were senescent and declining in productivity, and one-half of the trees were expected to be in this condition by the year 2000. Some 3,750 hectares of cacao plants were also located on smallholder farms, and about 45,000 coffee trees had been planted on 100 smallholder farms on Tanna in a government project. The ni-Vanuatu have also been receptive to the introduction of cattle farming. The government estimated that 35,000 of the total cattle herd of 112,000 head in 1981 were located on smallholder farms; outside observers

suggested that this estimate might be twice the actual number. There were a few village piggery projects for commercial production but no such poultry operations among the ni-Vanuatans.

Purely commercial farms or ranches accounted for about 26 percent of coconut production, less than 21 percent of the cacao harvest, and for more than two-thirds of the cattle herd. Average copra yields, however, have fallen to about three-quarters of that on smallholder farms because the planters have not replaced the aging trees, or else they have introduced cattle onto their plantations. Likewise, coffee and cacao production on the plantations has declined. One main reason for the decrease in plantation crop production was the exodus of Vietnamese plantation workers in the 1960s and of Francophone farmers in the period leading up to independence.

Government development projects, usually receiving assistance from bilateral and multilateral aid donors, were concentrating on the development of commercial crops on smallholder farms. These efforts involved replanting some 500 hectares of coconut trees each year and introducing modern copra driers. Assisted by the Food and Agriculture Organization (FAO) of the UN, the government hoped to expand the area under cacao by 800 hectares per year during the 1983–86 period; coffee was being introduced on 50 to 100 hectares per year. Pepper, rice, groundnuts, ginger, chilies, vanilla, and tea were also slated for development. Because the pastureland was overstocked, the government was attempting to add some 3,500 hectares of grazing land each year, primarily on Espiritu Santo but also on Efate and other islands.

Forestry has an important future in the domestic economy, although many of the nation's forest resources are located on lands too steep for logging or are too thin for commercial production. Surveys of 50,000 hectares of the better forest have shown that only 15 to 25 cubic meters of wood per hectare could be extracted. An adequate national inventory of forest resources had not been conducted as of mid-1984, but estimates indicate that they could supply domestic needs until at least the end of the century. During the 1976–80 period the government set up 27 plantations of pine species and planned to add 1,000 additional hectares at 24 sites during the 1982–86 period. Plantation forestry was carried out by casual laborers managed by the nation's few forestry agents. The government also planned to set up 1,000 hectares of industrial plantations that would cater to export markets. In 1982 there were only two sawmills—one in each of the urban centers. About half of the domestic consumption of 3,000 to 5,000 cubic

meters of wood consisted of imports of preserved softwoods. Firewood harvested from local forests was the primary source of energy in the rural areas.

Fishing in Vanuatu has not developed as rapidly as in other Pacific countries. Foreign-owned vessels caught some 8,000 to 10,000 tons of fish within the nation's EEZ (see Glossary) each year, storing the catch at a freezing facility on Espiritu Santo for reexport; few ni-Vanuatu were involved in these operations. Even traditional fishing in the coastal areas was a marginal activity. Some commercial boats, however, did catch snapper and lobsters for sale to the hotel and restaurant market. Knowledge of the nation's fish stocks was limited, but a few surveys revealed sizable stocks of skipjack tuna, prawns, and other commercial species. Over the 1982–86 period the government planned to conduct six fishery training courses around the country each year, set up 25 village fishing and freezing facilities, train additional boatbuilders, install some 11 ice plants, and improve marketing channels.

The research, training, and extension services needed to reach the government's many goals for agriculture were the responsibilities of the Ministry of Land and Natural Resources. Although capital spending on agriculture, forestry, and fishing was projected to be more than one-quarter of the total during the 1982–86 period, the level of current spending—about 3 to 4 percent of the total—might be too low to support the ministry's diverse investments.

Industry and Services

Mining and energy production was underdeveloped primarily because of the small resource base but also because of the lack of detailed geological surveys. Exploration has shown that small deposits of manganese exist on Erromango, that magnetite sands are located on a number of beaches, and that Espiritu Santo has extensive limestone formations that may conceal various metals. On Efate and Tanna, pozzolana, which can be used to make a cementlike building material, is abundant. An offshore sedimentary basin running northward from Malakula and Pentecost to the Torres Islands may contain petroleum or natural gas. Geothermal diffusions on Vanua Lava, Efate, and Tanna may also be tapped for electrical energy.

The country remained highly dependent on imported petroleum, however, which accounted for one-third of domestic energy consumption and 57 percent of the value of all exports in

1980. Diesel power generators for Port-Vila and Luganville produced almost all of the electrical energy available and used up about 19 percent of net oil imports. Electricity charges were among the highest in the entire Pacific region, keeping waste at a minimum; a private company had a contract to run the diesel plants until the year 1990. The government was receiving economic assistance from an energy fund of the European Economic Community (EEC) to study the prospects of wood-burning power plants, and another EEC grant was funding a survey of hydroelectric resources near the two urban areas. Pilot solar- and wind-power projects had been installed in four villages as of 1982.

Manufacturing contributed only 4.7 percent of the nation's estimated GDP in 1980 and employed only 6 percent of the wage-earning work force. The lack of government support, foreign investment, skilled labor, and economies of scale severely constrained its development. Besides two meat canneries and the single fish-freezing plant, manufacturing consisted of small-scale, family-run enterprises catering to the two urban markets. The goods produced locally included soft drinks, printed materials, building materials, furniture, and aluminum products—including fishing boats. A UN grant established the office for the Development of Enterprise in 1980, whose small staff developed an industrial policy. Guidelines for foreign investors were critically needed.

Interisland shipping was the most important form of transportation provided for the majority of the population, although the services were best developed for the three most populous islands. The ships picked up copra from rural producers in exchange for imported consumer items, such as canned foods. In 1981 there were 40 privately owned vessels, of which five could carry more than 100 tons of cargo. Four of the five large vessels participated in a government-regulated route system that ensured visits to all parts of the country at least once every three weeks. There were 12 government-owned vessels that provided transportation to various ministries and engaged in research, training, and coastal patrols. There were 11 wharves that could serve interisland ships; the rest of the country had to off-load. Port-Vila and Luganville were the deep-sea ports and served some 13 foreign-registered vessels in 1981. That year the government established its own registry and hoped to attract international lines to document their vessels in Vanuatu. In the 1982–86 period the government planned to set up wharves in all of the regions.

The road network extended for 1,062 kilometers in 1982, of which only 5 percent were paved; about 55 percent were made of coral, and the rest were earthen. The two urban areas accounted for nearly all the pavement and for most of the 5,500 vehicles in use that year. Because of a lack of funds, road maintenance has been insufficient, and the government estimated that it would cost VT1.3 billion (for value of the Vanuatu vatu—see Glossary) per year—equal to the total government budget—to keep them up properly. The government was trying to find labor-intensive methods to maintain the network and add about 400 kilometers a year in the 1982–86 period.

International airports served the two urban centers, but the facility at Port-Vila was most important. This airport was, however, in need of extension and a modern control tower to handle the anticipated increase in air traffic during the 1980s. Air Vanuatu, a government joint venture with an Australian firm, operated one Boeing 737 jet that flew twice weekly on a route to Nouméa and Sydney. The 21 smaller airfields around the country served aircraft carrying a maximum of 18 passengers.

Communications services were developing slowly. Postal services, which were slow, were provided at nine offices around the country, six of which had telegraph facilities in 1981; the two urban offices had telex machines. The urban centers were also connected by telephone and linked to Tanna and three locations on Malakula. Government radio operators provided communication to the other islands. An aid-financed project to construct eight VHF installations around the country and direct-dialing exchanges in Luganville, Norsup (next to Lakatoro), and Isangel was expected to be completed in the early 1980s. By 1986 the government hoped to link all parts of the country by telephone. There was a satellite earth station at Port-Vila that provided adequate international communications.

Marketing and commerce were dominated by cooperatives in the rural areas and by foreign companies in the urban areas. The cooperative movement was unified into a single organizational hierarchy in the 1980s from separate French and English systems that began in the 1960s. In 1979 there were 253 consumer and marketing cooperatives to which some 80 percent of rural households belonged. The cooperative societies marketed some 63 percent of all smallholder copra exports and 43 percent of all the country's exports that year. The Vanuatu Cooperative Federation controlled its own small shipping company and savings bank. The federation was planning to build at least one warehouse in each of the regions during the 1982–86 period. The greatest



*Port-Vila harbor
Courtesy Steven R. Pruett*

problem facing the cooperative movement was the lack of trained personnel at all levels. Foreign-owned companies dominated the import trade; in 1981 less than 5 percent of all registered companies handled 76 percent of all imports. Retail outlets, however, were generally small and run by family members. Individual growers usually sold food at regular markets in the urban areas.

Tourism has only recently developed in Vanuatu, but the government had high hopes for developing this industry. During the 1972–79 period the number of tourists increased by more than 16 percent per year to over 25,000. The political disturbances of 1980 dealt a temporary setback to the industry, but visitors began arriving in increasing numbers in late 1981. The number of Australian, Japanese, and New Zealand tourists increased by more than 30 percent per year during the 1972–79 period and in 1981 made up nearly three-quarters of all tourists; visitors from New Caledonia and France, by contrast, have declined dramatically. The government tourist agency, however, wished to develop markets in New Caledonia and elsewhere to avoid relying too

heavily on Australia.

The Political System and Security

Vanuatu politics has been characterized by the dominance of the Vanua'aku Pati (VP) in an open and democratic system guaranteed by the Constitution, which went into effect in 1980. Basic human rights and political freedoms are also provided for in the Constitution and have been upheld. Unresolved questions over the organization and responsibilities of local government and land administration have continued to cause some controversy, however, as have the nation's foreign relations, which opposition groups have found to be too "radical." The government, in turn, has accused outside "conservative" interests of involving themselves in local politics. Foreign policy has generally been concerned with the pragmatic issue of keeping economic aid and trade flowing smoothly.

The Constitution created a republican political system headed by a president who has chiefly ceremonial powers; real power is in the hands of the prime minister. Elected by a two-thirds majority in a college consisting of parliament and the presidents of regional councils, the president serves a five-year term. The only way the president may attempt to veto a parliamentary bill is to submit it to the Supreme Court on the grounds of unconstitutionality. Otherwise, the bill automatically becomes law two weeks after its passage.

Parliament is a unicameral body of representatives elected by all persons over 18 years of age; the elections are managed by an autonomous commission. In the 1983 elections there were 14 constituencies: Port-Vila had four representatives and Luganville two; the remainder of the country was divided into constituencies having from one to five representatives. Parliament normally sits for a four-year term unless dissolved by majority vote of a three-fourths quorum or a directive from the president on advice of the prime minister.

By a similar majority, parliament selects the prime minister, who in turn appoints the Council of Ministers, which is not to exceed one-fourth of the number of parliamentary representatives. Together, the prime minister and the Council of Ministers constitute the executive government. The prime minister, along with the leader of the opposition and specialized commissions, has a hand in appointing judges, an ombudsman, an auditor general, an attorney general, and other executives. The National Council of Chiefs, elected by district councils of chiefs, advises the govern-

ment on all matters concerning ni-Vanuatu culture and language.

Since the passage of the Decentralization Act of 1980, local government functions have been devolved to 11 elected local government councils. The councils are responsible for charting regional development plans, collecting a per person tax and licensing fees, developing local services and infrastructure, and passing local ordinances.

The Supreme Court, which heads the judicial system, consists of a chief justice and up to three other judges. Two or more members of this court may constitute a court of appeal. In 1981 the chief justice was resident in Vanuatu, but the other justices visited as needed from other Pacific countries. Two senior magistrates were responsible for less important cases than those tried by the Supreme Court in the two urban areas; two others were to be set up in Tanna and Malakula as soon as possible. Under legislation passed in 1980, land courts and land appeal courts were to be established. The constitution provides for the establishment of village or island courts to deal with questions of customary law.

Parliamentary politics has been dominated by the VP, but the primarily Francophone opposition, grouped into the Union of Moderate Parties (UMP), has been effective. Discord within the VP, moreover, caused the dismissal of one cabinet minister and the defection of three others during 1983. The president, also a VP official, has announced his displeasure in a government dominated by churchmen and has indicated a willingness to replace Lini, an Anglican priest, in the top party spot. The VP reunified under the leadership of Lini in time for the November 1983 elections—the first held since independence—but suffered at the polls. The contest gave the VP 24 out of the 39 parliamentary seats and 55 percent of the popular vote, which was down from 26 seats, and 67 percent of the vote in 1979. The UMP won 12 seats, while Nagriamel and two other local parties based in Espiritu Santo and Malakula won the other three. The lesser opposition parties were expected to side with the UMP in parliament. The VP losses meant that the party could no longer count on a two-thirds majority to enact constitutional changes.

The political ideological spectrum was seen as running from the “leftist” government party to the “rightest” UMP. The UMP criticized the Lini government particularly for its overtures to Cuba and close ties to Australia, which it felt was trying to edge France out of the Pacific. The opposition included in its platform for the 1983 elections a proposal to bring back freehold land titles for Vanuatu citizens, regardless of their ethnic background, a position from which the ni-Vanuatu members of the opposition

have tried to distance themselves. Just before the elections Lini effectively charged the opposition with receiving funds from the same American business interests that had supported Jimmy Stephens' secessionist movement in 1980. The fragmented nature of the opposition, which was unified only in opposing the VP, also helped keep the government in power, despite its losses. The UMP, however, did gain some surprising Anglophone support in the 1983 elections.

Vanuatu's foreign policy has been more strident than that of the other Pacific island states but in one respect was quite similar—the pattern of foreign relations depended first and foremost on the politics of foreign aid and trade. In early 1984 external trade was added to the portfolio of the minister of foreign affairs, who was also in charge of liaisons with aid-giving organizations. Vanuatu has maintained close relations with France and Britain and, increasingly, with Australia, Japan, and New Zealand. As well as being the largest donor of untied bilateral assistance, Australia was providing some US\$1 million of defense-cooperation-assistance each year. Contradictory claims over Île Mathieu and Hunter Island—far to the south on the border with New Caledonia—Vanuatu's strident support for New Caledonia's independence, and opposition to nuclear testing in the Pacific have strained relations with France.

The country participated actively in regional affairs, although it has expressed concern that too many organizations having overlapping interests were being developed. Vanuatu belonged to the organizations of the South Pacific Forum and the South Pacific Commission (see Appendix B). Prime Minister Lini, however, has criticized France's domination of New Caledonia and Indonesia's control of East Timor and Irian Jaya as no other leader in the Pacific has done. The other Pacific states also expressed some concern when Vanuatu opened diplomatic relations with Cuba in 1983 through the latter's embassy in Japan.

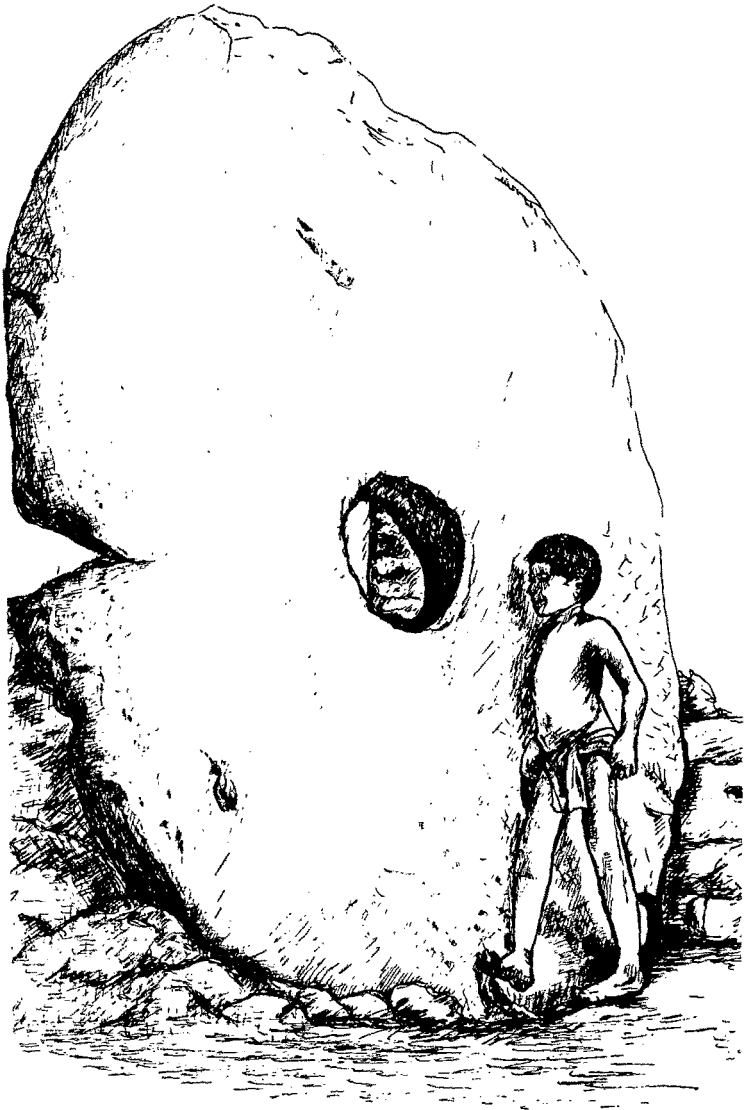
Prime Minister Lini has steered what he described as a neutral course between the world's superpowers. Vanuatu has joined the Nonaligned Movement and has not established diplomatic relations with either the United States or the Soviet Union. In 1982 the country turned away two United States naval vessels that wished to make port calls when their commanders, following established American policy, refused to declare whether they carried nuclear weapons or were nuclear-powered. The government stated in 1984, however, that it was considering a United States request to establish formal diplomatic ties. Vanuatu already had opened relations with China.

In keeping with its need for financial assistance, Vanuatu has joined the Asian Development Bank, the IMF, the World Bank, and other international financial organizations. It benefited from its status as a member of the Commonwealth of Nations and as an associate member of the EEC under the terms of the Lomé Convention (see Glossary). In late 1983 the nation opened an office at the UN, supported by a grant from Australia.

The Vanuatu Police Force, which was in charge of all security concerns, consisted of a regular force of 163 people in 1981 and a paramilitary force of 300 people called the Vanuatu Mobile Force (VMF). The former performed general policing, immigration, and prison management tasks, while the latter was primarily in charge of external defense, counterinsurgency, and patrolling the EEZ. Experienced expatriate officers were seconded to the heads of both the police force and the VMF in 1980. About 72 percent of the regular force was stationed in Port-Vila, Espiritu Santo, and Tanna, where members also assisted in development projects. The country had only one patrol boat in 1983.

There were no major internal or external threats to Vanuatu's security in mid-1984. The leader of the 1980 secessionist movement remained in jail, although he had once tried to escape. Some of his supporters, who had been deported or barred from entering the country, were reportedly colluding with outside business interests based in American Samoa that wished to found a libertarian state, but they posed no major threat. A possible threat to security arose from violent conflicts between religious groups—particularly between those advocating *kastom* and those adhering to Christian ways.

Chapter 3. Micronesia



Stone money of Yap in the Federated States of Micronesia

MICRONESIA, OR "LITTLE ISLANDS," refers to a myriad of coral atolls and volcanic islands scattered across the immense expanse of the western Pacific. Its main archipelagic units are the Caroline Islands, including Palau; the Gilbert Islands; the Mariana Islands, including Guam; the Marshall Islands; and the single island of Nauru. Although stretched across an area larger than the continental United States, the more than 2,000 islands of Micronesia have a combined land area of a mere 3,100 square kilometers—roughly the size of Rhode Island. Fewer than 100 of these poorly endowed, economically underdeveloped islands are inhabited. A mid-1984 estimate of the population was 323,000.

Diversity is a distinctive feature of the area—hence very few generalizations are valid for all of the indigenous societies. Major ethnolinguistic groupings include the Chamorros, Gilbertese, Kosraeans, Marshallese, Nauruans, Palauans, Polynesians, Ponapeans, Trukese, and Yapese. The Chamorros are native to Guam and the Northern Marianas, Gilbertese to Kiribati, and Polynesians to outer atolls of Ponape. Other groupings derive their names from their respective island designations.

Politically, Micronesia is complex, but all of its constitutional entities maintain governmental systems that are traceable to the Western democracies. Kiribati and Nauru are fully independent nations. Guam is an integral territory of the United States. The rest of Micronesia—called the Trust Territory of the Pacific Islands—was in 1984 still technically under the administrative authority of the United States, pending the termination of the United Nations mandated trusteeship for the territory. In actuality, however, it comprised four self-governing entities, each having its own constitution. These were the Commonwealth of the Northern Mariana Islands; the Federated States of Micronesia, divided into the states of Kosrae, Ponape, Truk, and Yap; the Republic of the Marshall Islands; and the Republic of Palau. All of these entities, which would survive the termination of the trusteeship, were associated with the United States, which was responsible for their external defense.

