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# The BOUGAINVILLE CRISIS

1991 UPDATE



MATTHEW SPRIGGS &  
DONALD DENOON

EDITORS

**Political and Social Change Monograph 16**

**The Bougainville Crisis:  
1991 Update**

**Matthew Spriggs and  
Donald Denoon  
Editors**

Department of Political and Social Change  
Research School of Pacific Studies  
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The success of the 1991 Update Conference depended heavily on the contributors, some of whom attended at considerable personal inconvenience. Terence Wesley-Smith was unable to attend, but did prepare a paper which is included here.

Much of the manuscript was word-processed by Jennifer Elliott in the Department of Prehistory, and scanning, correcting and editing were done by Marion Weeks in the Division of Pacific and Asian History, and Claire Smith in the Department of Political and Social Change.



## **Preface**

The crisis in Bougainville has become the most serious issue in the affairs of the western Pacific. Separatist sentiment has always been significant, fuelled by perceived ethnic traits distinguishing Bougainvilleans from other Papua New Guineans, exacerbated by neglect of the region during most of the colonial period (until the development of the mining complex in the 1960s), and promoted by the remoteness of the islands from the rest of Papua New Guinea. Secession was the greatest problem addressed by the independent state of Papua New Guinea in 1975. The resolution - autonomy for the North Solomons Province - seemed to work until the late 1980s when younger and more militant people began to represent the landowners in negotiations with the mining company, the provincial government, and the national government.

The crisis has Australian dimensions: the Commonwealth government cannot be neutral since it provides a declining but still significant proportion of Papua New Guinea's revenue and logistic support for the Papua New Guinea Defence Force; the closure of the mine and Papua New Guinea's resulting fiscal difficulties will intensify Papua New Guinea's financial dependence. Also, many of the relevant aid agencies are based in Australia or organize their efforts here. It is critically important therefore that Australians be accurately informed of events and conditions in Bougainville.

Media coverage is at best uneven. The blockade of the island has made information scarce, erratic and unreliable; inevitably, information is carried by individuals and organizations who are emotionally involved in one way or another. Clarity is also obscured by the fact that different policies are pursued by competing sections of the Papua New Guinea cabinet, and different stances have been adopted by the Bougainville Revolutionary Army, the Interim Government, and an increasing number of smaller organizations in Bougainville. It is this dearth of accurate information which provoked us to organize a second Bougainville Update Conference. It is our fervent hope that the next conference will be the last, and that it will be able to analyse a successful and peaceful resolution.





## CHAPTER 1

# THE BOUGAINVILLE CRISIS: OPENING ADDRESS TO THE BOUGAINVILLE CRISIS 1991 UPDATE CONFERENCE

**The Hon. John Langmore, MP**

The Bougainville crisis is the most acute and complex conflict in this region at present. Innumerable issues are involved: the wellbeing of the people of Bougainville, including their living standards, health and education; order and justice in community relations on the island, including the prevention of brutality from whatever source and prosecution of the offenders, whoever they are — the Bougainville Revolutionary Army (BRA), the Papua New Guinea Defence Force or whoever; governance of Bougainville, including the nature of relations between the Bougainville people, the North Solomons provincial government and the national government; the rights of landowners; the rights of investors; church/state relations; the impact of the closure of the mine on the wellbeing of the rest of the people of Papua New Guinea and on the viability of the Papua New Guinea economy; the nature of Papua New Guinea as a nation state, including the extent of regional autonomy; relations between Australia and Papua New Guinea, including the role of ethics in diplomacy - for example the extent to which foreign countries have any role in internal human rights issues; and relations between Papua New Guinea and the whole international community.

That list of issues is certainly not complete and would be controversial, even in the way it is compiled. The fact that so many difficult issues are involved in the Bougainville crisis shows that it is worth intensive study. It also shows the importance of the application of sensitive and creative thought to ways of moving towards a resolution of the many problems. So this conference is particularly important.

It is important also because the problems are so little understood in Australia and so poorly reported (even the *Guardian* on 10 May reported activities of 'President Ona' without using the description 'President' in inverted commas). Of course such misreporting is, in part, because of the embargo. In fact it is one costly consequence of Bougainville's isolation. So this conference is an important occasion and I congratulate Donald Denoon and Matthew Spriggs for organizing it.

The programme draws in a particularly strong group of people with expertise on the issues surrounding the Bougainville crisis. Therefore, the discussion will be well informed. I hope it will also be productive of ideas which can be used by all the participants in this crisis.

I do not have detailed knowledge of Bougainville and make these comments reluctantly. However, as an Australian parliamentarian who worked in Papua New Guinea for over a decade and who has strong affection for that country, I can raise some questions and also express on behalf of people in government and in the whole community the importance of trying to find constructive and sensitive approaches and policies for moving towards resolution of the intense conflicts on Bougainville. Much of the information I have received during the last couple of years has come through the parliamentary sub-committee which is studying relations between Australia and Papua New Guinea.

There are many distinguishable interest groups in the Bougainville conflict: traditional landowners in the area of the mine and in the areas which are destroyed or polluted through waste disposal; other regional groups in Bougainville and on Buka; within those groups, traditional leaders, the remnants of the provincial government and BRA activists; the churches; the national government, which is itself divided by various interests and orientations; CRA; and external governments and institutions concerned about stability and growth such as the Australian government, the World Bank and commercial banks wanting repayment of debt.

We are all aware of the theory behind the development of the Bougainville copper project. The mine was expected to generate taxable income to fund education and health, transport and communications infrastructure, agricultural extension and other forms of government services which have been regarded as essential for economic

development. These benefits were expected to be shared throughout Bougainville as well as the rest of Papua New Guinea. The revenue generated was expected to gradually replace development assistance, allowing Papua New Guinea to become more self-reliant. The project was also expected to provide employment and markets for local produce and other goods as well as to enable technology transfer and the training of Bougainvilleans and other Papua New Guineans.

However, the process of exploration, construction and operation involved massive environmental degradation. As well, Bougainvilleans had the feeling that they paid all the costs of the mine, but that the rest of Papua New Guinea derived most of the benefits.

It is easy to see why the landowners and others on Bougainville may have had a strong sense of injustice. Although Bougainville Copper Ltd (BCL) paid more than half a billion kina in company tax and K141 million in dividends to the national government during the fifteen years the mine was in operation, it had paid landowners only K19 million in compensation for losses and disruption and K3 million in royalties. The provincial government had received K55 million in royalties (Dorney 1990:121).

As well as questions about that balance of the division of the income between the company, the national government, the provincial government and the landowners, there are conflicts within the Bougainvillean community. Who should have been entitled to compensation? How were growing inequalities between those whose incomes were multiplied and those who did not benefit to be addressed? How should the structure of representation have been kept up to date as the age composition of each group changed and their attitudes changed also? Could the integrity of traditional patterns of inheritance have been retained as the stakes rose?

For Australians and the Australian government, the issues are clearly very difficult. For example, what should be our response to the human rights abuses? The most notorious incident was the alleged dumping of bodies, illegally murdered by the security forces, from the Australian donated Iroquois helicopters into the sea off Bougainville. A curious aspect of this incident has been the media focus on the role of the helicopters and the fact of their being donated by Australia. Surely the murder of civilians by troops of the Papua New Guinea Defence Force far outweighs the horror of the disposal of the bodies? Further

information of human rights abuses during the reign of the security forces came to light after an Amnesty International report on the crisis in late 1990. And of course the spotlight has remained on the violence initiated and continued by the BRA. Neither side can claim to come to the negotiating table with clean hands.

An underlying theme in the tale of violence was the seeming independence of the security forces. Prior to the blockade they appeared to act with impunity, presumably without the blessing of the PNG government. This theme has again been raised over the landing on Bougainville of government troops from the northern island of Buka, apparently without legal authority from the National Executive Council - the executive arm of the government.

Another aspect of the saga was the attempt by the Papua New Guinea government at reconciliation. The delicacy of Australia's position was highlighted. An Australian presence at the negotiations would have been counterproductive.

The accord signed by Papua New Guinea and BRA representatives on board the New Zealand navy ship, *The Endeavour*, was witnessed by officials from New Zealand and Canada and obviously facilitated by New Zealand. Australia was conspicuous by its absence.

A role for Australia was out of the question because Australia was perceived by the Bougainvilleans as hostile. This related to our wholehearted support for the Papua New Guinea government, and opposition to secession for Bougainville. It also derived in part from the fact that BCL, an Australian company, was imposed on the Bougainvilleans when Papua New Guinea was an Australian territory. The 'Endeavour Accord', having failed, was replaced by the 'Honiara Declaration'. Again there was very definitely no role for Australia.

The underlying question of the Papua New Guinea government's authority and control demanded recognition. Twice the Papua New Guinea government, the BRA and other Bougainvillian authorities had agreed on a solution. The onus was on the government to restore services. Twice the agreed outcome failed to materialize.

News began to trickle out of Bougainville on the impact of the total blockade on the Bougainvilleans. At first the news came through the Catholic and United Churches, who constituted the only authority (other than the BRA) on Bougainville. One channel of news was the

neighbouring Solomon Islands, and interested Australians received it through newsletters from the Bougainville Information Service, established in Melbourne. A good deal of word-of-mouth contact also spread information. Later there were several illegal visits (through the Honiara route) by journalists and others.

There were two results of this.

The inevitable suffering of the people suddenly deprived of government services was forced on the attention of those who would listen. The information was in the form of interviews and pictures seen on TV. News of the hardships caused by the medicine, food and fuel aspects of the blockade raised a whole new area of human rights issues - this time inflicted indirectly by the Papua New Guinea government. The message from the NGOs has been clear: Australia must take account of the human suffering caused by the deliberate imposition of the strongest blockade imposed anywhere in the world. Should Australia therefore put pressure on the Papua New Guinea government and take all other possible action to immediately supply essential medicines, food and services? Or has the effect of this blockade been to disillusion many or most Bougainvilleans with the BRA, creating a situation in which re-establishment of provincial and/or central government has become more feasible?

The other result of the news relayed by journalists visiting Bougainville illegally was to invoke the wrath and indignation of the Papua New Guinea government. This has hardened the attitude of some within the Papua New Guinea government that Bougainville is Papua New Guinea's problem, and it can very well do without outside interference. As a result of the illegal visits some journalists have been banned from entering Papua New Guinea.

The dilemma for the Parliamentary Sub-Committee is that the subject demands some sort of decision. The topic, which is such a vital part of the Australia/Papua New Guinea relationship, requires some recommendation.

Possible positions for Australia are:

1. Australia could continue to give complete support to the Papua New Guinea government, recognizing that the majority of the cabinet want the best for the country as a whole - that they are doing their best to find a solution to a very difficult problem - and that to even contemplate secession for Bougainville would be to threaten the



continuing political (if not economic) viability of Papua New Guinea. If Papua New Guinea's future is threatened the security of the region is threatened, and this is clearly detrimental to Australia's interests. This position would preclude Australia from even talking to Bougainvilleans except through the national government, recognizing that any such discussions might be seen as giving some sort of *de facto* recognition to an existence for Bougainville as a separate entity from the Papua New Guinea state.

2. The most radical approach would be for Australia to look at the problem independently from its relationship with Papua New Guinea. This would mean talking to the Bougainvilleans about their situation and their aspirations, and making judgement about appropriate help Australia might give to solve their problems. The basic assumption in this approach would be that the human suffering on the island outweighs all other considerations in the 'Bougainville troubles'.

This approach might involve Australia in encouraging Papua New Guinea to allow the Bougainvilleans to express their views on secession through the ballot box. It might involve appealing to the UN, or encouraging Papua New Guinea to appeal to the UN, for assistance in solving the problem. It would imply a judgement that the situation on Bougainville had broken down irretrievably, raising the possibility of a permanent source of instability and violence in the region - the South Pacific's own Northern Ireland.

3. Australia could continue to give moral support to the Papua New Guinea government by applauding its non-negotiable stand on Bougainvillean secession. It could at the same time take an ethical stand by refusing to accept that it must choose between an unspoken acceptance of the suffering of the Bougainville people, and causing offence to the Papua New Guinea government. This is the stand urged by the NGOs. This position would involve a much more proactive approach to the restoration of services (and presumably law and order) than Australia has been willing to adopt so far.

It might, for example, involve the deployment of another engineering corps from the Australian Army (such as the one now administering the Public Works Department of the Southern Highlands Province). It might involve sending a contingent of police, perhaps in conjunction with police from other Commonwealth countries. It might involve increased AIDAB funding of those NGOs which provide

skilled personnel, such as Australian Volunteers Abroad, to allow a massive increase in the deployment of professional people to restore services. It would certainly involve a larger financial commitment. Some version of this option is the one I tend to favour.

There are no doubt many other variations on these themes. I do not have either enough information or a clear enough view of the situation to be sure that this final option is the best. One factor of which I am sure is that Papua New Guineans have a highly developed capacity for achieving consensus within their own societies, and that this capacity could play a large part in achieving resolution of the Bougainville conflict. I hope that this conference will throw greater light on the issues. The maturity of Australia's foreign policy will be judged by our handling of this particular crisis more than by any other single issue. I look forward to hearing the discussion.

## CHAPTER 2

# BOUGAINVILLE UPDATE: AUGUST 1990 TO MAY 1991 Matthew Spriggs

The purpose of this update, and the one covering events from the time of the 1991 Conference to October 1991 (see chapter 15), is to summarize some of the major events and processes during the past year of the crisis. Many topics, such as the detailed reasons for failure of the Endeavour and Honiara peace agreements, the alleged 'soft cop/tough cop' act of Prime Minister Namaliu and Deputy Prime Minister Diro, the strategies of Buka leaders in the crisis, and the relationship between the BRA leadership and the Bougainville Interim Government, are merely flagged rather than analysed. They deserve more detailed treatment than is possible here. Sources used include newspaper and other media accounts, Interim Government and some Papua New Guinea government documents, and word of mouth from witnesses and some with an intimate involvement in events. All of these sources of course have their limitations.

Douglas Oliver (1991) has recently published a summary of events up to June 1991.

### Aftermath of the Endeavour Accord

The 'Postscript' to the *Bougainville Crisis* (May and Spriggs 1990) summarized events up to the signing of the Endeavour Accord between the Papua New Guinea government and Bougainvillean representatives on 5 August 1990 (see Appendix 1). It ended with the sentence: 'Assuming the agreement holds, further discussions are to be held later in 1990' (Spriggs and May 1990). The agreement did not hold and it is worth considering why that was.

A clue is given by two newspaper accounts giving quite different interpretations of the key provisions concerning the security of personnel to be involved in the restoration of services. The *Melbourne Age* on 6 August reported: 'the Papua New Guinea government insists the return of public servants must be accompanied by a return of

general duties police to the province, but Bougainville leaders say they can guarantee the officials' safety without outside help'. The following day in the same newspaper, under the headline 'Bougainville will use its own police in peace deal', Marie-Louise O'Callaghan wrote:

Instead of PNG constables, a 'police force' made up of Bougainvillian former officers already on the island, will be armed to provide security for those sent in to recommence health, education and communication services cut when Port Moresby imposed an economic blockade in April.

This was a major concession from the government. The report goes on to claim that Sir Michael Somare 'is believed to have suggested the compromise on police presence when it became apparent that the talks were close to collapse on Saturday'. He may well have done this but it was never explicitly stated in the Accord.

What was in the Accord, however, (and repeated in another form in the Honiara Declaration) was the seemingly innocuous phrase that the return of services to Bougainville would be conducted by 'all practical steps consistent with the Constitution of Papua New Guinea'. Although the agreement also made reference to services being restored 'without force', the reference to the constitution could certainly be interpreted to allow involvement of police and soldiers in the restoration process. This was certainly the Papua New Guinea government's interpretation when it attempted to land soldiers with the supply ships at Buka Passage on 31 August to 'assist civilian personnel' (*Post-Courier* 13 September 1990). The landing was prevented by the BRA because of the presence of patrol boats accompanying the supply vessels and the fact that they had not gone to the main port of Kieta to offload supplies to be checked and distributed by the BRA. Joe Kabui, leader of the Bougainville delegation to the Endeavour talks claimed that such a condition was part of the Endeavour Accord. Again, it may have been a verbal agreement, and therefore not worth the paper it was written on, or a particular interpretation of the clause 'The Government of Papua New Guinea will consult regularly with the present Bougainville Delegation on the restoration of services', to which Kabui was referring. 'Consult' does not mean 'follow the directions of', however, as Kabui perhaps thought.

The vagueness of the wording was all in Papua New Guinea's favour, allowing the government to claim it had not broken the letter of the agreement when it was intent on breaking its spirit. The clearly superior negotiating skills of Sir Michael Somare and his colleague Bernard Narokobi produced a document useful in presenting a positive image of the government in the face of seeming Bougainville intransigence but useless, indeed damaging, in promoting the cause of peace. Oliver (1991:248-59) covers the Endeavour negotiations and some of the reasons for the failure of the Accord in some detail.

### **The landing of Papua New Guinea troops on Buka**

The disagreements over interpretation of the Accord were rendered moot when Papua New Guinea landed troops on Buka Island on 21 September. They quickly restored some semblance of government control but certainly not 'without force' as specified in the Accord. Over the next several months occasional deaths and injuries were sustained by the PNGDF amid reports of high casualties among BRA forces, particularly when a 'suicide attack' was mounted by the BRA in small boats against Defence Force vessels moored at Buka Passage.

The justification for the landing of troops on Buka was an urgent request signed by 125 individuals from the island for protection against increased BRA harassment of leaders and villagers. This had occurred in the wake of rejection of supplies by the BRA when the government attempted to land them on Buka at the end of August. The sight of eagerly-awaited supplies being turned away by the BRA may have been the last straw for many on the island, and fuelled anti-BRA sentiment. But why had the initial attempt at restoration of services been directed to Buka rather than the capital Arawa, the site of the main hospital and other services such as communications facilities? Deliberate provocation as the aim of the exercise cannot be ruled out, the government determining, no doubt correctly, that support on Buka for the BRA was not as strong as in other areas and seeking to bring the pot to the boil.

Whether intentional or not, the effect of the August attempt at restoration of services was the same. Anti-BRA feeling on Buka led to the formation of the Buka Liberation Front (BLF) as an opposition force and the call for PNGDF troops to come to their assistance. BRA

threats against and mistreatment of Buka leaders such as Sam Tulo and James Togel led them to take uncompromising stands against secession and against any serious negotiations with the BRA or Interim Government leadership once they were restored to positions of influence on the island.

In October, some Buka leaders signed an agreement with the government in the New Ireland capital, dubbed the Kavieng Agreement. It is an almost unanalysed document, indeed Oliver (1991) does not even mention it. It is included here as Appendix 2. The Kavieng Agreement is a curious document with a series of measures urged on the government by the Buka leaders, most of which do not seem to have been implemented, and undertakings by the Papua New Guinea government to restore services, provide security and consult with the Buka delegation 'as the need arises'. The parties agreed that Sam Tulo, leader of the Buka delegation, would 'be included in any talks on the future status of Bougainville'. He was not included in January's Honiara talks, however, at the apparent insistence of the Bougainville delegation.

A key point which the Buka delegation urged on the national government was to 'engage Buka personnel in the provision of security to the Island', a reference to the BLF. This is not mentioned as being an undertaking of the government in the document and the legal status of the BLF has never been clarified. A Buka Island chief, Michael Samo, asked that the minister for Justice, Bernard Narokobi, explain the legal status of the BLF as the people on the island were confused:

We are all now under the impression that BLF is a legally recognized body on Buka Island and that they now have the full authority to shoot anyone who is suspected of being a BRA supporter, or who may have shown disrespect for the government authorities on the island (*Post-Courier* 21 December 1990).

If this was not chilling enough we have to the words of Thomas Anis, chairman of the BLF and former commerce minister in the North Solomons provincial government, as quoted in the *Post-Courier* (7 January 1991):

We are fighting a civil war which involves arms, violence and psychological struggle for power - a warfare which

only the fittest will survive. We are not interested in the legality of BLF or BRA or any other forces that may exist on Bougainville.

He claimed that the BLF as an 'authorised unauthorised security force' was sanctioned by the PNGDF and the government.

Throughout December and January Buka was indeed in a state of civil war, with fighting between the BRA and BLF all over the island and the PNGDF seemingly taking little part in proceedings. By January it was reported that 7000 people displaced by the fighting were living in 'care centres', and many others had fled to Rabaul (*Post-Courier* 7 January 1991). The number in care centres later climbed to over 12,600 (*Post-Courier* 7 March 1991). Complaints started to come through of indiscriminate killings by BLF members and that many families on Buka feared the BLF more than the BRA and Defence Force soldiers: 'Homes, gardens and valuable property had been destroyed 'for no good reason' and old people and mothers and children had been frightened by BLF members armed with guns and other dangerous weapons' (*Post-Courier* 19 December 1990).

This raises real questions as to what level of support there really was on Buka for the return of the PNGDF and more particularly for the leaders associated with the BLF. Why did the Defence Force need to sanction or at least turn a blind eye to the behaviour of an ill-disciplined vigilante force? Can it be that support for the government on Buka was not as solid as claimed by Prime Minister Namaliu and leaders such as Sam Tulo? News from Buka has been extremely tightly controlled, the only visit by foreign and national media in those early months being carefully orchestrated by the PNGDF. As the *Times of PNG* complained in an editorial: 'A visit by the media to Buka two weeks ago was a guided tour by the Defence Force and it was only for four hours. They did not give us much chance to talk to the people and get their side of the story' (*Times of PNG* 16 January 1991).

The trip was long enough, however, for ABC television to record BRA members who had surrendered being jeered by the BLF, one of them being punched in the face as he was marched off, and later ill-treatment by PNGDF soldiers jabbing the captives with their boots as they lay spreadeagled face down in the dirt (ABC News 7 January 1991). With a belated self-consciousness the soldiers then prevented further filming. Other reports of human rights abuses by the PNGDF

and/or the BLF included suspected BRA members arriving in Rabaul for detention with 'facial and body injuries' suffered since their arrest (*Post-Courier* 6 December 1990), but most startling were revelations about the early days of the PNGDF reoccupation contained in ABC TV's 'Four Corners' programme in June. John Kolan, interviewed at Buka Passage, told how he was eyewitness to the cold-blooded murder of five BRA suspects by troops the day after they landed in September, and later to two more BRA suspects being forced to dig their own graves before being executed. Brutalization of captured BRA suspects was described by Julian Nogos, one of those interned (ABC TV, *Blood on the Bougainvillea*, 24 June 1991).

### **Effects of the blockade on Bougainville**

It was only after the failure of the Endeavour Accord that the seriousness of the medical situation on Bougainville was fully realized. As has been noted many times, the blockade was total, including a blockade on any medical supplies, and was therefore tighter than that placed around Saddam Hussein's Iraq. As Russell Rollason of ACFOA commented, 'Nowhere in the world are medicines blockaded. How can you possibly accept that?' (*Australian* 2 January 1991). In an editorial in the same newspaper it was suggested that, 'On humanitarian grounds Bougainville's plight should be among the prime concerns on our foreign affairs agenda' (*ibid.*).

Working through the Australian government, ACFOA had been trying to arrange shipment of vital medical supplies to the island for several weeks, but when it seemed that the shipment was about to be approved PM Namaliu rejected it claiming he had never even heard of the request. This caused embarrassment to the Australian government and outrage in Australia and elsewhere. The *Melbourne Age*, in a particularly direct editorial, labelled the decision 'tragically ill-judged', 'a callous denial of human rights' and noted that 'PNG cannot be surprised if the world is appalled' (*Melbourne Age* 3 January 1991).

Papua New Guinea's response to mounting international pressure was to say that the blockade had been lifted effective immediately (widely reported in the media on 4 January 1991) while making absolutely no changes to policy or action. In fact no medical supplies, including those donated by ACFOA, got into Bougainville



officially between the signing of the Endeavour Accord and the first shipment of supplies after the signing of the Honiara Declaration, on 21 February 1991.

Soon after the Endeavour talks Joe Kabui had written to the government to allow independent and neutral organisations such as the International Committee of the Red Cross (ICRC) to distribute medical supplies and other services. This was rejected by the National Security Council who insisted that the armed forces be used to restore services (*Times of PNG* 4 October 1990).

Calls to allow in medical supplies from various international groups including the Solomon Islands Christian Association (*Times of PNG* 18 October 1990) fell on deaf ears, and a later Solomons Islands government request to allow people to travel freely across the border to purchase supplies and receive medical attention was also turned down. The sympathy felt in the Solomons for the plight of the Bougainvilleans, and Papua New Guinea's seeming lack of concern further strained relations between the two countries. The Solomons from this time on maintained a supervised but open border against Papua New Guinea's wishes. Papua New Guinea has officially complained on more than one occasion but with no effect. For the Solomons, humanitarian concerns outweigh any deleterious political consequences, the opposite of what appears to be the Australian government position in relation to the issue.

Some idea of what the medical situation on Bougainville was like was provided by letters and reports from doctors on the island, talking of avoidable deaths and stillbirths, increasing rates of malaria and other diseases. With the (unofficial) opening of the border with the Solomons, a trickle of medical supplies did start arriving on Bougainville, but this was certainly not with the blessing of the Papua New Guinea government. Reading the medical reports, which were all available to the Papua New Guinea authorities, it is hard to find any justification for their actions in actively preventing agencies like the Red Cross and ACFOA from going in to Bougainville. If, as has been claimed, a loyal majority of people on the island were being kept in check by the terror-tactics of the BRA, why punish that majority? Even leaving aside humanitarian concerns, such a strategy was as likely to alienate people as break their will or lead them to turn on the BRA.

### **The Amnesty International report**

The Amnesty International report on human rights violations on Bougainville 1989-90 was released on 27 November (Amnesty International 1990). It gave detailed accounts of the deaths of nineteen people by extrajudicial execution, or after being tortured in police or military custody (see Spriggs, this volume for one case). It also detailed over fifty cases of torture or ill-treatment at the hands of government forces.

The Papua New Guinea and Australian governments acted defensively over the cases. Jim Griffin, one time Professor of History at UPNG, wrote a feature article for the Papua New Guinea press belittling the Amnesty Report and trivializing its findings by concentrating largely on a single page historical background of what was a 47-page report. The background contained various wrong dates and over-simplified statements, but had no bearing on the various cases documented in the rest of the report.

Griffin casts doubt on the body of the report by his detailed analysis of its introduction, which, along with gratuitous comments on a television interview with an Amnesty representative, takes up over 65 per cent of the article. The innuendo is clear: 'if their research is so shoddy in a field one knows something about, what is it like when one knows little or nothing?' (*Times of PNG* 29 November 1990).

One charge commonly made about the Amnesty report was that it did not give enough attention to BRA atrocities. Indeed Oliver (1991:256) went as far as to claim that: 'Their widely publicized findings were based on second-hand information, and did not include violations committed by the BRA'. This is simply untrue. The report gave what details were available of BRA abuses before and after the withdrawal of the security forces (1990:36-40). With the government's total blockade still operating at the time the report was compiled it is not surprising that less information was available on BRA abuses. The Papua New Guinea government took no action on the report.

### **Renewed military action and a planned 'invasion'**

While the Papua New Guinea government argued that the troops on Buka were there to help in the restoration of services and were not serving in an offensive capacity, it is not clear how such a role squares with incidents such as the shelling of Kieta and other areas including Tubiana Catholic Mission, Rigu High School, and villages along the coast of Koromira (*Times of PNG* 29 November 1990, 20 December 1990). The coastal villages opposite Buka Passage were mortared from army camps on Buka and from patrol boats, and schools, villages, and a care centre for displaced people at Sorom were attacked by soldiers using the Australian-supplied helicopters as firing platforms (*Times of PNG* 17 January 1991).

Australia was clearly aware of this further breach of the helicopter agreement and protested to Papua New Guinea (*Sydney Morning Herald* 16 January 1990). The protest was effective and the helicopters were at least temporarily withdrawn. Referring to these attacks, Oliver has been prepared to give the Papua New Guinea government the benefit of the doubt: 'Given the nature of PNG's administrative "flexibility" it is quite possible that the incidents just cited were independently ordered by a Cabinet hawk, or even by a down-the-line official acting on his own' (1991:261).

Whoever ordered the attacks, the effect meant to be achieved by this indiscriminate shelling of civilian areas was presumably to dissuade the BRA from launching any attacks on Buka from the mainland, demoralize the population ahead of a rumoured 'invasion', and/or to force the Bougainville side to the negotiating table again.

According to various reports, a landing on Bougainville by Papua New Guinea troops was planned for early January but in cabinet Father John Momis threatened to resign if it went ahead. This was no idle threat given the shakiness of the government coalition at the time and opposition manoeuvrings for a vote of no confidence when parliament next sat. Momis' departure could well have brought down the government.

The breathing space gained was just enough. It had been created by an initiative from the Bougainvillean side in asking for John Momis to be an intermediary in negotiations rather than holding direct talks

with the national government (*Post-Courier* 31 December 1990). In early January, however, Acting Prime Minister Ted Diro obviously had other plans and spoke out against such a role for Momis while hinting at an impending military action as part of his 'carefully plotted strategy' (*Post-Courier* 3 January 1991). In the same edition of the newspaper Momis accepted his invitation to be a mediator, demonstrating clearly the division between hawks and doves in the cabinet.

At the same time as talks among Bougainvillean leaders began in Honiara, it was also reported that the national government was planning 'for security forces to gradually move towards Buin, Inus and Tinputz on mainland Bougainville in a bid to win support from Bougainvilleans ... and eventually move into the Kieta area - a BRA Stronghold' (*Times of PNG* 17 January 1991). Significant in the report was that this undertaking by the government had been decided at the Kavieng talks in October. The Kavieng Agreement (see Appendix 2) does list a somewhat less explicit undertaking 'to restore all government and business services to Buka and the whole of Bougainville', but the information that this was to be achieved by the use of the security forces gives some insight into government strategy at the time. While preliminary peace talks continued, Diro put the heat up again with an announcement that the Defence Forces would move into southern Bougainville within weeks, stating: 'The days for talking are over. The situation there does not need any more political rhetoric' (*Post-Courier* 18 January 1991).

### **The Honiara Declaration and after**

The signing of the Honiara Declaration (Appendix 3, 4) on January 23 for a time eclipsed the hard-liners in the cabinet led by Diro, with Sir Michael Somare stating after the signing: 'We've decided to leave our people, our security forces out, they can operate in other parts of PNG' (*Melbourne Age* 25 January 1991). This was not explicit in the signed document, however, which can be interpreted as sanctioning further use of the PNGDF. Government plans for reoccupation of north and south Bougainville to isolate the BRA heartlands of the centre, formulated long before the Kavieng Agreement, clearly envisaged a further role for the PNGDF. Peace talks have come and gone but the original plan continues to be implemented stage by stage, raising the

question of how serious the government side is in implementing the agreements it signs. One possibility is that Somare and Narokobi have acted in good faith but cannot deliver on the agreements when faced by a generally hard-line cabinet.

A somewhat similar problem was clearly faced by the Bougainville Interim Government signatories to the Honiara Declaration, although their inability to deliver their side of the agreement was aired much more publicly when journalists accompanied the first voyage to Kieta of the MV *Sankamap* carrying desperately needed medical supplies.

In a public relations disaster, questions as to who had the power on Bougainville, the Interim Government or the BRA leadership, were clearly answered in Kieta. A local BRA commander, 23-year-old Chris Uma, overruled and publicly insulted Interim Government ministers including Joe Kabui over a shipment of food supplies. They had accepted this food aid; he rejected it and had it loaded back on the ship. Who had the power within the BRA was rendered questionable when Uma also confided to journalists that Supreme BRA Commander Francis Ona had demanded that the *Sankamap* be impounded, whereas he gave permission against orders for it to leave (*Sydney Morning Herald* 23 February 1991).

Ona's seeming inability to control undisciplined sections of the BRA had been seen much earlier soon after the withdrawal of Papua New Guinea forces in March 1990, when extensive looting and harassment of individuals had occurred. At that time he had threatened to surrender if such behaviour continued. Things did apparently quieten down for a while, but later harassment of civilians by 'rascal' BRA elements led to a gun battle in which several of the rascals were killed (Sam Kauona, interview on SBS Television, 23 February 1991), presumably 'pour encourager les autres'.

The Panguna mine and town had remained intact as had much of Arawa and Kieta up to December 1990, but in apparent retaliation for government statements on the reopening of the mine and/or as part of a 'scorched earth' policy ahead of rumoured invasion, or more likely for fun, some elements of the BRA torched accommodation blocks, houses, the theatre and the supermarket in Panguna, a shopping block and the country club in Arawa, and other houses and businesses in Kieta and Toniva. This wanton destruction reportedly led Ona to

intervene with another threat to surrender in Buka if the destruction continued.

This lack of control over its own forces has led to doubts that an order from the central command of the BRA to surrender arms to a multinational supervisory team (MST), as specified in the Honiara Declaration, would be obeyed by all sections of the BRA. This would of course put the MST in an impossible situation, creating a real chance of confrontation with 'rascal' BRA elements operating independently of the central command.

Australia, expected to be a major player in the MST, clearly had these thoughts uppermost and a series of reports were carefully 'leaked' to Greg Austin of the *Sydney Morning Herald* by the intelligence services, accurately predicting problems that would arise with the implementation of the Honiara Declaration. Austin's report noted concerns about the wisdom of sending peacekeeping troops into a situation 'where the BRA is unable to exercise full control over its forces'. The report continues:

The fairly uninformed level of understanding by the BRA leadership of the diplomatic and political implications of their acts is a cause for concern when considering the deployment of a peacekeeping force, a Defence source said. There is now no law and order authority on Bougainville and little likelihood that one can be reasserted in the near future without use of force by the central PNG Government ('Bougainville peace treaty is facing a rocky future', Greg Austin, *Sydney Morning Herald* 16 February 1991).

The report also noted that there was now some doubt whether Australian military forces would be acceptable to the BRA. The journalists aboard the *Sankamap* a few days later and the SBS Television crew were able to confirm this suspicion of Australia in interviews with BRA Commander Sam Kauona. He also rejected the surrender of arms as stipulated in the Honiara Declaration, and later opined that the negotiating team at Honiara led by Joseph Kabui did not have a mandate to make the agreement it had. He said that the BRA would not implement every aspect of the Honiara Declaration (*Melbourne Age* 27 February 1991).

Kauona also threatened the members of the joint Bougainville-Papua New Guinea Government Task Force set up under the Honiara Declaration to coordinate restoration of services that 'security-wise it would be very risky for them' if they did not work towards protecting Bougainville's independence. He drew a parallel with the murder of John Bika in 1989 by a BRA assassination squad: 'He was killed because he wanted to lie to the national government that the people of Bougainville wanted state government. But in fact what the people wanted was full independence from PNG' (*Post-Courier* 25 February 1991). Full marks to the Australian intelligence officers who had earlier warned of the 'fairly uninformed level of understanding by the BRA leadership of the diplomatic and political implications of their acts'!

Despite this the civilian Task Force had started its work and was quietly getting on with it. One Task Force member contacted at the time of Kauona's threats dismissed them as of little concern and expressed optimism at how things were going. The work of the Task Force continued unopposed and largely unsung: the ACFOA supplies were finally delivered in March; local companies were involved in buying and shipping out hundreds of bags of copra and cocoa which had accumulated during the blockade; a visit by an ICRC representative was undertaken to assess medical needs and a delegation from Australian NGOs was also allowed to visit; Buka Passage was opened for inter-island travel and some services were filtering across to mainland villages; PTC planned to install high frequency radios in Arawa and Kieta by June; public servants would be based in Arawa by that time, and so on.

### **Back to square one?**

The event which stopped the momentum towards peace was the PNGDF attack of 13 April, initially denied as BRA propaganda, then claimed as totally unsanctioned by the government, then admitted as an action which had been planned for some time but whose commencement Colonel Leo Nuiua had failed to communicate to the government, and then the confusion blamed on faulty communications equipment.

A further attack occurred while PM Namaliu was overseas and during Diro's last weekend as deputy prime minister before his

suspension over corruption charges. Despite government denials of duplicity it is quite possible that they were in on it from the start, as was charged by rebel leaders and by Johnson Maladina, an opposition MP. In parliament Maladina claimed that Diro and Defence Minister Ben Sabumei had approved the military operation and quoted instruction number 155-91 as the relevant documentary proof (*Post-Courier* 8 May 1991).

The reason it was possible for the PNGDF to carry out such an attack was that one of the key provisions of the Honiara Declaration had not been implemented, that concerning the MST. The momentum for that had been broken by Kauona's comments on Australian involvement and the surrender of weapons, Australia's insistence that the BRA first surrender their weapons to police before the arrival of the MST, and the fact that over one month after the signing of the Honiara Declaration official requests had still not been received by the nations nominated to take part. Those who favoured a military solution to the crisis would certainly not have been happy with the idea of the MST and were doubtless lobbying against it in cabinet and elsewhere.

Australia's insistence on a 'no risk' role for Australian personnel in the MST suggests ambivalence on its part as to international involvement on Bougainville. Senator Evans must have known when he said it that the idea of the BRA handing in weapons to police prior to the arrival of the MST would be completely unacceptable to the BRA and also in contravention of the relevant passage in the Honiara Declaration (*Canberra Times* 23 February 1991). Australia's peacekeeping involvement in Namibia had certainly not required a 'no risk' situation as a condition of participation. Was the situation there any less dangerous?

Another key point of the Honiara Declaration was the establishment of an Interim Legal Authority on the island, and progress on this too got bogged down. Quite clearly Joe Kabui and his delegation at Honiara believed that their Interim Government on Bougainville would become the Interim Legal Authority with oversight over the restoration programme (*Australian* 4 February 1991). Whether this was a genuine confusion with the government envisaging some of their own nominees as being part of the Interim Legal Authority or whether Momis was simply unable to persuade cabinet to approve the Interim Government as the ILA is not clear. The matter was quietly



dropped in the 'too-hard basket', and an agreed body to oversee the restoration process was never set up.

The amnesty proposal contained in the Honiara Declaration was more certainly one where the Papua New Guinea government was unable to deliver. Rumours of wide-spread unrest in the nation's prisons if the BRA were granted amnesty and criticism by respected figures such as Sir John Guise and Bishop David Hand led the government to quietly drop the idea. Trials of suspected BRA members arrested on Nissan and Buka went ahead and prison sentences were handed out. On the other hand there is no evidence that the BRA honoured their obligation under the Honiara Declaration to release any detainees or prisoners they might hold.

### **Nuia's war**

Such was the situation in April when Colonel Nuia ordered a seaborne attack on a BRA base at Kobuan near Kieta, stormed ashore at Mabiri, drove south towards Arawa and blew up the strategic bridge at Manetai, effectively cutting the island in half, and landed troops on the northern tip of Bougainville. Leaflets he had dropped from planes over Arawa and other areas made the surprising claim that his actions were in line with the Honiara Declaration ('*Wok bilong Security Force em long halivim pipol long kisim gavman sevis em Kabui na PNG gavman i bin stretim tingting pinis long Honiara*'). The reference to Kabui led enraged BRA members suspecting treachery to pay his house a visit. Not finding him there they apparently left with several of his household appliances. Such is the faith they had in the Interim Government!

Even though the Papua New Guinea government denied that Nuia's raid had been sanctioned, it was admitted that plans had been in train for such actions. The Defence Force head, Brigadier General Rochus Lokinap, stated that villagers in north and central Bougainville had wanted various bridges blown up so that they could receive government services without interference from the BRA. Soldiers in Port Moresby confirmed talk of a landing but said that it would be 'some weeks away' (*Post-Courier* 16 April 1991). PM Namaliu confirmed that the government had been aware for some time of impending military action because of BRA interference in the restoration of services (*Post-Courier* 19 April 1991).

All this sounds reasonable until one remembers the reaction to news of the raid by the minister in charge of the Task Force responsible for the restoration of services, Father John Momis. He was quoted as saying that the 'incursion was totally illegal ... totally irresponsible' and 'nothing but an unnecessary provocation', noting that it was against the principles of the Honiara Declaration, 'could jeopardize our peace efforts on the island', and describing his own government as 'directly responsible for the imposition of suffering ... it's a government of broken promises' (*Post-Courier* 17 April 1991).

While leaders in northern Bougainville wanted government services restored, it is not at all clear that they requested or expected the restoration to be carried out by the PNGDF. The establishment of a beach-head in northern Bougainville created in effect two rival Task Forces, one civilian which continued to operate in most of the island in accordance with the Honiara Declaration and the other military, operating in the north, sanctioned by cabinet (or at least sections of it) and clearly linked to the leaders who had come out on top in Buka, particularly Sam Tulo.

### Meanwhile on Buka ....

In the main, the Honiara Declaration did not apply to Buka, already subject to the Kavieng Agreement, although Somare did suggest that 'eventually' the PNGDF would withdraw to be replaced by the MST (*Melbourne Age* 25 January 1991). The 'dirty war' continued there with various BRA ambushes, including one which nearly killed Administrator Sam Tulo, and pitched battles between BRA and BLF. Estimates of how many active BRA fighters remained on Buka varied, '30 or more' in March (*Post-Courier* 8 March 1991) and supposedly only 6 hardcore members a month later (*Post-Courier* 4 April 1991), led by Linus Kabutoa and Moses Jeraha ('Lieutenant Tiger'), the latter associated with the Hahalis Welfare Society according to the earlier *Post-Courier* account.

These figures cannot be the whole story, however, with 200 PNGDF still stationed on Buka after the landing on northern Bougainville, calls by Buka leaders for the establishment of a reserve police force (to give an official look to BLF activities?), a call from the Buka Council of Chiefs for a dusk to dawn curfew, and for restrictions

on parents visiting their sons at the 'rehabilitation centre' at Buka Passage where suspected BRA had been detained without trial, some for many months. All this to combat six men? In early May BRA leader on Buka, Kabutoa, said he had called off all military action and pledged himself to peace. He remained in the bush, however.

The government efforts at restoration of services were certainly conducted from their beginning with an eye to influencing people in north Bougainville. Medical services were quickly re-established and nearly all the schools on the island were ready to open at the beginning of the 1991 school session. These are the two government services which most impinged on the lives of people in the villages. The East New Britain 'Mama Appeal' for basic supplies of cooking utensils and clothes raised money from all over Papua New Guinea and was strongly encouraged by Prime Minister Namaliu. The message behind the appeal was to show people on Buka that people in the rest of Papua New Guinea cared and wanted them to remain a part of the nation. This was underlined by a visit of forty Tolai women to Buka to distribute the aid.

Some aspects of government services were not quickly restored, however. Shipping remained irregular, shops had difficulty in getting enough supplies, promised roadworks were delayed, the Papua New Guinea Banking Corporation seemed to wait forever for a safe to be delivered from Alotau, and the only communications (not for use by the general public) were high-frequency radios installed by the Post and Telecommunications Corporation (PTC). While some of these delays can be put down to bureaucratic bungling and disorganization, the tight control over communications seems to have been a government policy decision to restrict information on the situation there from coming out.

### **Two task forces, two strategies**

The PNGDF efforts at winning hearts and minds in north Bougainville were initially high profile, with suitable photos of soldiers rebuilding schools planted in appropriate newspapers. Members of the civilian Task Force privately expressed anger that while they were pressing ahead with great effort and little money, the army was getting all the credit. Given that one accusation Nuiia had made in his letter-drop over Arawa was that medical aid delivered to Kieta by the civilian Task

Force was not reaching the north or south, it is not clear how it was thought that blowing up a bridge on the one road to the north would alleviate the situation. Australian NGOs later denied that there was any evidence that the BRA had actively prevented medicines from being delivered. The Task Force battled on, delivering the first supplies directly to southern Bougainville in late April, with a further delivery in early May.

North Bougainville became contested ground between the PNGDF and the Task Force with the latter's planned visit delayed by the PNGDF and their Buka supporters. Buka leaders were allowing themselves to be co-opted in this power struggle, labelling the Task Force 'slack and slow' (*Post-Courier* 7 May 1991).

Another issue on which they agreed with the PNGDF and Defence Minister Sabumei's position was on the MST. The government remained deeply split on the issue of the MST. Sabumei (and Colonel Nuia) said it was unnecessary, a view echoed by the Buka chiefs, while Momis remained committed to it. Belatedly the BRA leadership had affirmed their support for the Honiara Declaration and the MST, and a second visit by a representative of the Commonwealth Secretariat charged with planning the deployment of the MST received a warm welcome on Bougainville in May. Three months earlier such endorsement might have made a difference. Prime Minister Namaliu seemed more persuaded by the rosy picture being painted by Sabumei of dwindling BRA support and hearts and minds being won. Sabumei's position was that the MST would help legitimize the BRA's claim to independence.

The willingness of the BRA to support the Honiara Declaration and the co-operation, or at least non-interference, of BRA forces in the restoration of services in northern Bougainville led Momis to again plan for an Interim Legal Authority, made up of four districts - south, central, north, and Buka and the Atolls — which would be represented on the Authority (*Post-Courier* 7 May 1991). With the government now in control of parts of the north and of Buka and the Atolls the plan could be interpreted as a means of 'stacking' the Authority against Interim Government and BRA supporters who presumably would have representation only in two out of four districts.

The medical situation on the eve of the Conference is covered in this volume by Michael Ogio and Lissa Evans and needs no further

comment here. The other issue covered at length in the media at this time was ultimately little more than a sideshow: the efforts by Sir Michael Somare to get CRA to sell the copper mine to an American millionaire Jay Pritzker. This enthusiasm of Sir Michael eventually came to nought and his belief that such a sale would herald a breakthrough in the crisis was generally considered naive. For once the Interim Government and the management of BCL were in agreement, both expressing the view that there were major political issues to be addressed before anyone would be able to reopen the mine.

### Conclusion

An examination of events between the signing of the Endeavour Accord in August 1990 and the middle of May 1991 could lead to the conclusion that the Papua New Guinea government did not negotiate with the rebels in good faith and used the withholding of medical supplies as a weapon against the civilian population. This first charge is perhaps unfair, while the second must be sustained. The negotiators on the Papua New Guinea side faced a major problem which made it impossible for them to deliver their side of the agreements. This was the Cabinet itself, a sometimes very loose coalition of forces, with allegiances shifting between the hardliners led by Deputy Prime Minister Diro and Defence Minister Sabumei and the moderates led by John Momis. The prime minister himself, concerned to hold together his government, has not identified consistently with one view or the other.

The media have exaggerated the capacity of the PNGDF for independent action outside the control of the central government. It seems more likely that the Defence Forces have always acted with the knowledge and under the orders of at least *some* members of the cabinet. It is indeed in the government's interests to distance itself from actions such as Nui's raid on Bougainville, while benefitting from the results. Human rights abuses too cannot be sheeted home to a government seemingly not fully in control of troops on the ground. Government ministers can approve visits by journalists and others to Buka, confident that such visits will be prevented by the PNGDF officers in Rabaul.

The hardliners in the cabinet had their job made extremely easy by the diplomatic and political inexperience of BRA leaders. Is there a president of any country in the world who refuses to show his face to the camera on interview? The public humiliation of Interim Government ministers by near-teenage gunmen suggests 'Lord of the Flies' rather than the People's Army. And if there is an effective civilian administration operating on Bougainville they have been keeping it remarkably quiet. Immediately after Honiara, Interim Government Chairman Kabui could be portrayed more as the monkey than the organ-grinder. In that case, as Somare pointed out, why talk to him? By May some realization of the lost opportunity for peace was clearly dawning among the BRA leadership and a more reasonable line was emerging at last.

## **APPENDIX 1 ENDEAVOUR ACCORD ON DIALOGUE AND RETURN OF SERVICES TO BOUGAINVILLE**

A delegation of the National Government, led by the Right Honourable Sir Michael Somare GCMG MP held broad-ranging talks with a delegation of Bougainville, led by Mr Joseph Kabui, from the 29th July to 5th August 1990 outside of Kieta Harbour, aboard Her Majesty's New Zealand Ship, Endeavour.

International observers from Canada, Vanuatu and New Zealand were present at the talks.

The two delegations welcomed the opportunity for face-to-face dialogue, and agreed that this process should continue.

They agreed that the long term political status of Bougainville is to be addressed as part of the continuing dialogue.

Meanwhile all political declarations with respect to that future status are deferred.

The National Government delegation confirmed that at the earliest opportunity it would take all practical steps consistent with the constitution of Papua New Guinea to bring about the return of services to Bougainville.

Such restoration of services would be done without force. But should personnel responsible for restoring services be interfered with, the Government of Papua New Guinea reserves the right to withdraw services where such interference occurs.

The return of services, particularly health, education and communications are accepted as a matter of urgent priority.

The two delegations agreed that in order for services to be restored on Bougainville, the security of personnel must be fully safeguarded.

The Government of Papua New Guinea will consult regularly with the present Bougainville delegation on the restoration of services.

The two delegations agreed on the desirability of the full participation of Bougainvilleans in future security arrangements on Bougainville.

The two delegations thanked the Government of New Zealand and the Royal New Zealand Navy for their generous assistance in making a venue and support facilities available for the talks.

The two delegations also thanked the observers for their cooperation.

Further meetings of the two delegations to review implementation of arrangements for the restoration of services will be held. The next such meeting will be held within eight weeks.

Michael Somare  
Leader  
National Government  
Delegation

Joseph Kabui  
Leader  
Bougainville  
Delegation

Signed on Board HMNZS ENDEAVOUR  
5 August 1990



**APPENDIX 2****MEMORANDUM OF UNDERSTANDING  
BETWEEN  
BUKA COMMUNITY LEADERS  
AND THE  
NATIONAL GOVERNMENT DELEGATION**

WHEREAS, on the 16th March 1990, following an agreement with the illegal BRA leadership, the National Government withdrew all Security Forces on Bougainville; and

WHEREAS, the Buka people have suffered atrocities and inhuman treatment at the hands of the outlawed BRA; and

AS A RESULT, the Buka people, out of desperation, sought the assistance of the Security Forces on 18/9/90 for safety and restoration of all government services;

AND WHEREAS, the government on 21/9/90 acceded to the people's request;

NOW the National Government has asked certain prominent leaders of Buka to have urgent consultations on the provision of government services and security to Buka and elsewhere in Bougainville.

1. A MEETING has now been held between a delegation of the National Government led by Sir Michael Somare and certain community leaders of the Buka, led by Mr Sam Tulo, former National Parliament Member on the 3rd and 4th October, 1990 at the Malagan Lodge, Kavieng.
2. The Buka leaders briefed the National Government delegation of the current situation in Buka.
3. The Buka leaders totally rejected secession, but urged the National Government to grant more autonomy to the Province through the existing Constitutional framework.

4. The Buka leaders in equal vigour rejected the BRA's 'reign of terror and fear', and strongly welcomed the presence of the National Government and the Security Forces.

5. The Buka leaders highly commended the exemplary conduct of the Security Forces and urged their continued presence on Buka Island.

6. The Buka leaders further urged the government, among other things to:-

- (a) appoint an additional member of Parliament to represent Buka in this crisis period;
- (b) establish an interim administration to run the affairs of Buka;
- (c) provide services to Buka immediately, making primary use of Buka personnel as a temporary measure;
- (d) undertake a programme of reconciliation, restoration of services and compensation to the victims of the crisis;
- (e) rehabilitate and gainfully employ youths;
- (f) consider giving amnesty or immunity to the members of the BRA who freely surrender to the government; and
- (g) engage Buka personnel in the provision of security to the Island.

7. The National Government delegation highly commended the Buka leaders and the Buka people as a whole for their firm stand.

8. The National Government delegation undertakes, within the legal, and constitutional powers and within the constraints of its

financial resources to do all it can to restore all government and business services to Buka and the whole of Bougainville.

9. The National Government delegation undertakes to continue to provide security to the people of Buka as a part of its constitutional obligations.

10. The parties agree that all goods and services going to Buka shall be co-ordinated through the normal governmental channels.

11. The National Government delegation undertakes to consult the Buka delegation leaders in the process of restoration of goods and services, and to hold talks with them from time to time, as the need arises.

12. This Memorandum of Understanding does not prevent the continued dialogue and negotiations initiated under August 5th, Endeavour Accord except that the parties agree that Mr Sam Tulo shall be included in any talks on the future status of Bougainville.

Signed on the 5th of October 1990 at Malagan Lodge, Kavieng, New Ireland Province.

Hon. Fr. John Momis MP  
Minister for Provincial Affairs

Sam Tulo  
Leader of Delegation

Hon. Bernard Narokobi MP  
Attorney General

James Togel  
Deputy Leader of Delegation

### APPENDIX 3

#### HONIARA DECLARATION ON PEACE, RECONCILIATION AND REHABILITATION ON BOUGAINVILLE

1. Further to the Endeavour Accord signed on 5 August, 1990 concerning dialogue and return of services to Bougainville, a meeting comprising representatives from the Papua New Guinea National Government led by the Right Honourable Sir Michael Somare and Mr Joseph Kabui from Bougainville was held in Honiara from 22 - 23 January, 1991 at the initiative and auspices of the Solomon Islands Government and the Solomon Islands Christian Association (SICA) to review and formulate a common strategy and programmes for the implementation of restoration of services to enhance Peace, Reconciliation and Rehabilitation on Bougainville.
2. Other Ministers included on the National Government side were Honourable Bernard Narokobi, Honourable Benais Sabumei, and Honourable Fr. John Momis, on the Bougainville side were Mr Ken Savia, Bishop John Zale, Pastor Jeffrey Paul, Mr Patrick Itta, Mr James Sinko, Mr Philip Takaung, Mr Raphael Bele, MP and Mr Peter Kungka, MP.
3. Observers from the Solomon Islands Government and the South Pacific Council of Churches (SPCC) and Solomon Islands Christian Association (SICA) were also present at the Talks.
4. The two delegations expressed their sincere appreciation to the Government and people of the Solomon Islands for their generous hospitality and excellent facilities for the meeting. They also thanked the Chairman of SICA, Bishop Leslie Boseto for his role as Moderator for these talks.
5. The two delegations welcomed the opportunity for their continuing face-to-face dialogue; and committed to searching for a lasting peaceful solution of the Bougainville crisis, Declared on the following principles and arrangements:-

## Principles

6. We desire peace and reconciliation with each other and with our Heavenly Father.  
We take a joint responsibility to restrain from the use of weapons and arms to help us to create an environment of peace and harmony as well as a pre-condition to justice and peace.  
We agree to defer discussions on the future political status of Bougainville and have further agreed to embark upon a joint programme of peace, Reconciliation, and Rehabilitation, within the current constitutional framework of the Nation of Papua New Guinea.  
We reject violence and seek meaningful consultation as a means of solving the crisis, and deeply mourn the loss of lives and destruction of properties, and trust in the common fatherhood of God and resolve to find lasting justice, peace and security on the island of Bougainville.  
We recognise the importance of establishing legal and representative authority in Bougainville to assist in returning the Island to normalcy.  
We recognise the constitutional role of the Papua New Guinea Defence Force.  
We agree to accept external assistance including a Multinational Supervisory Team (MST) to contribute to the implementation of this Programme under the framework determined in this Declaration.  
We commit ourselves to the welfare and security of all individuals and organisations who participate in this Programme.  
We endorse maximum Bougainvillean involvement in the implementation of this Programme.

### **Definition of 'Programme'**

7. The 'Programme' in this Declaration means the Package of phased arrangements for the restoration of services on Bougainville including:-

#### **Phase I**

- (i) Peace and Reconciliation;
- (ii) Lifting of the Blockade.
- (iii) Establishment of Task Force.
- (iv) Establishment of Interim Legal Authority.

#### **Phase II**

- (i) Restoration of Services;
- (ii) Rehabilitation Programme including maintenance and reconstruction; and other associated activities determined by the Legal Authority in Bougainville in accordance with this Declaration;
- (iii) Future negotiations.

### **Task Force and Membership**

8. In order to facilitate the execution of this Programme, we agree to hereby establish a Task Force which shall consist of representatives appointed by the National Minister for Provincial Affairs, in consultation with an Interim Legal Authority.

### **Terms of Reference**

9. We agree that the terms of reference for the Task Force shall include:
- (i) Planning, Co-ordination and implementation of this Programme;
  - (ii) Monitoring and supervision of this Programme;
  - (iii) Investigate and determine the scope and components of the projects under this Programme;

- (iv) Investigate, mobilise and secure all financial avenues at its disposal to finance this Programme;
- (v) Develop a detailed timetable to implement this Programme which must be submitted to the Minister of Provincial Affairs for final approval as soon as practicable following their appointments.
- (vi) The Task Force shall report to the Legal Authority in Bougainville;
- (vii) Furnish monthly reports or otherwise as directed by the Legal Authority in Bougainville; and
- (viii) Undertake other responsibilities as directed by the Legal Authority in Bougainville to implement this Programme.

### Obligations and Responsibilities

10. Parties agreed to take the following actions:

- | <u>National Government</u>   | <u>Bougainville Side</u>  |
|--|---|
| i)   | i) Disarms the BRA, BLF; and its associated militant activities, including the surrender and destruction of arms under the supervision of the Multinational Supervisory Team. |
| ii) Grant amnesty and immunity from prosecutions to the members of BRA, and BLF in accordance with legal and constitutional requirements of Papua New Guinea | ii) Release of all detainees held as a consequence of the conflict.   |
| iii) Organise a Multinational Supervisory Team to participate in this Programme  | iii) Guarantee the safety and welfare of the members of the Multinational Supervisory Team.   |

- |   |   |
|---|---|
| iv) Commit and disburse funds to the Programme under its normal budgetary allocations.  | iv) Assist the Task Force and the Legal Authority in Bougainville to expand [ <i>sic</i> ] funds towards effective implementation of projects under this Programme. |
| v) Allow and facilitate non-Governmental agencies, including Churches and Community Groups to contribute towards the successful implementation of this programme. | v) Receive and facilitate non-Governmental agencies, including Churches and Community groups to contribute towards the successful implementation of this programme. |
| vi) Resume all Government services including public and statutory administration, law and order and justice.  | vi) Provide conditions and environment conducive for the restoration of services under this programme.  |

### Programme Schedule

11. We agree that the following Time Schedule shall be adopted to implement this Programme from the signing of this Declaration:-
- (i) One (1) week to one (1) month - establishment of the Task Force and the assembling of the MST.
  - (ii) Between one (1) month to 6 months project identification and resource mobilisation.
  - (iii) Eighteen (18) to thirty-six (36) months completion of Programme, abolition of the Task Force, return to normalcy.



### **Review and Consultations**

12. We agree that this Declaration shall be reviewed at least on a six (6) monthly interval until the conclusion of the Programme in accordance with the Programme Schedule.
13. Notwithstanding the foregoing paragraph, the national Minister for Provincial Affairs may request a review either independently or on advice of the Legal Authority or the Task Force.
14. The Programme under this Declaration does not for the time being include the programme of restoration of services undertaken by the National Government on Buka and adjacent islands.
15. The National Minister for Provincial Affairs shall determine and reconcile the relationship between these two programmes on advice from the Legal Authority in Bougainville.

### **Dispute Settlement**

16. We agree to resolve any dispute including conflict or misunderstanding arising from the Programme under this Declaration through consultation and dialogue.
17. Where resolution of disputes cannot be reached, each party may recommend Arbitrators for approval by the other. When appointed, the Arbitrators shall work towards resolving any such conflict and misunderstandings.

### **Termination**

18. The Declaration shall be terminated upon completion of this Programme or by one Party when acts of sabotage or similar action inconsistent with the spirit and letter of this Declaration taken by the other.

Declared at Honiara this 23rd day of January 1991.

Sir Michael Somare GCMG CH MP  
Leader of the PNG Delegation

Joseph Kabui  
Leader of the Bougainville  
Delegation

Witness  
Bernard Narokobi MP

Witness  
James Sinko

Witness  
Fr. John Momis, MP

Witness  
Bishop Zale

Witness  
Benais Sabumei, MBE MP

Witness  
Patrick Itta

**APPENDIX 4**  
**Solomon Kitano Mendana Hotel**

P.O. Box 384 MENDANA AVENUE HONIARA SOLOMON  
ISLANDS

Cables: 'Mendana' Telex: HQ66315 Telephone: 20071 Fax:23942

25th January 1991

The Hon. Sir Michael Somare GCMG CH MP  
Leader of the Papua New Guinea Delegation  
Foreign Minister  
WAIGANI

Dear Sir Michael,

RE - CONSTRUCTIONAL ERROR - OBLIGATION NUMBER ONE  
(1) BOUGAINVILLE SIDE

I wish to point out Sir Michael, that there appears to be a constructional error in Clause 9 (1) (Obligations and Responsibilities) on the Bougainville side.

You will note Sir, that during the process of making final changes agreeable to both sides we decided that the original wordings of 'disbands destruction or arms under supervision to the MST' should be changed to 'disarms the BRA BLF and its associated militant activities including the surrender of arms under the supervision of the Multinational Supervisory Team'; so that the word 'and destruction' are deleted from the final text.

Unfortunately after the final text was signed (unchecked) we discovered that the original wording appears with only the word 'disband' changed to 'disarm' and as it is, the final text is at variance with our Agreement and as such does not reflect that spirit.

I am not implying this was an intentional error, but that this was a typographical error. My delegation is kindly asking that the words 'and

destruction' be deleted so that the paragraph should read 'DISARMS BRA, BLF AND ITS ASSOCIATED MILITANT ACTIVITIES INCLUDING THE SURRENDER OF ARMS UNDER THE SUPERVISION OF THE MULTINATIONAL SUPERVISORY TEAM'.

Please reply by fax.

Yours sincerely,

J.C. KABUI

LEADER OF BOUGAINVILLE DELEGATION

cc: Papua New Guinea Delegation Members  
Bougainville Delegation Members  
Solomon Islands Government  
Bishop Leslie Boseto  
Chairman of the Meeting  
Father J.L. Momis MP  
Taskforce Co-ordinator

## CHAPTER 3

# THE IMPACT OF THE BOUGAINVILLE CRISIS ON THE WOMEN OF BUKA

Pauline Onsa

On a subject such as the North Solomons crisis, or any kind of warfare for that matter, papers are never enough to describe the resulting pain and suffering, nor their long term impact on the society as a whole. For this reason, I want to speak to you from the heart, and share with you some of my personal experiences of the Bougainville crisis. I want especially to focus on two areas: my lived experience of the crisis as a woman, a wife and a mother on Buka Island, and how this crisis has affected Buka women generally.

I come from Buka Island — the second largest island after the copper-rich island of Bougainville in the North Solomons. We are a matrilineal society, with women having high political status and veto power over how land is used and distributed, and how children are brought up. Until the crisis, we always believed that we were a happy and peace-loving people bonded together by our shared values of caring, sharing and co-operating with each other in all that we did. We took pride in seeing ourselves as a class apart from the rest, because of our deep respect for authority and our sense of belonging to an orderly and prosperous law-abiding community.

For the people of Buka and North Solomons generally, the Bougainville crisis is thus a first-time experience of large-scale violence since 1945. Most of us did not expect it to develop to the extent that it did. When the BRA first arrived on Buka to gain support and take in new recruits, the crisis spread rapidly. This was later made worse by the arrival of the Defence Force on Bougainville. The people began to split their support between the BRA and the Defence Force.

However, as the crisis intensified, most of our people soon found that they no longer had the freedom to choose which side they

supported. The barrel of the gun was now the new power over human reason and freedom of choice.

Those who suffered most during the crisis were the women, children and old people. Women could no longer decide when to tend to their food gardens, cash crops or their children, husbands, parents and relatives. They could no longer pay respect to their dead in the graveyards, including offspring and family kin, for fear of being harassed or shot at by either BRA or Defence Force soldiers.

Children's laughter, village gossip, youth activities and bamboo band music so characteristic of Buka life were replaced with fear, mistrust, suspicion and disunity amongst my people. The old and the sick died slowly, while pregnant mothers either lost their babies or died in childbirth. The restriction of movement by BRA gun power was the order of the day.

When my husband, other women's husbands or relatives were taken in by the BRA for questioning, we wouldn't know where they were taken to. That was the worst, not knowing whether our husbands or sons would be returned to us. Even today some of our women still don't know whether their husbands are dead or alive.

Ieta village, located near the township of Buka, was the first village to be burned by the BRA, in mid 1990. The houses there were all permanent structures built largely from cash crop income. The burning of Ieta came as a surprise to the villagers, some of whom were asleep in their houses at the time. Children and adults fled everywhere with only the clothes they wore. These clothes were their only possessions for the many weeks of hiding that followed.

A young mother who tried to carry her crippled father gave up half-way and stopped only to embrace him for the last time. The father crawled behind some trees to hide from the BRA and died of pneumonia that night in the cold rain. Another mother who fled along the beach track with four children ranging from four to six years collapsed about a mile from the village. A five year old saved her by pouring spring water from the beach into her mouth. These children became her only companions for many weeks while her own children were lost among the other villagers.

These are just two examples of the mass suffering my people have had to live with during the two years of the Bougainville crisis.

Other villages were also burned during the crisis, both on Buka and on Bougainville.

To date, mothers are still mourning the loss of their children, their husbands, parents and other family kin, and the destruction of their homes. We now have many orphans and young widows, some of whom are unable to locate the bodies of their loved ones. There are rape victims too, and others who were maimed in the crisis. Medical problems such as TB, tropical ulcers, leprosy and other diseases which spread during the crisis are still prevalent. Many schools on Bougainville island are still closed, as are other essential services of the political, social and economic infrastructure.

We must not forget that when we talk of a reconstruction programme, such as is currently underway on Buka, we do not only mean rebuilding houses or schools which were burned down, and whatever else was destroyed during the crisis. We also have to engage in the task of reconstructing people, human lives, to be good citizens of Bougainville.

## CHAPTER 4

# THE HEALTH AND SOCIAL SITUATION ON BOUGAINVILLE

Lissa Evans

I was a member of a six person delegation to visit Port Moresby and Bougainville in the latter half of March 1991. This visit was the result of pressure from concerned Australian non government organisations (NGOs) in October 1990 via the umbrella aid body, ACFOA, to the Australian and Papua New Guinean governments, to allow an assessment of the health situation on the island. Delays in receiving approval from the Papua New Guinea government and in making contact with those in control of Bougainville meant that the team could not visit until March 1991, and even then it was not clear whether access to Bougainville would be granted. However, after several discussions with Father John Momis and the Bougainville Task Force, and with additional funding from the Australian government, the team took a charter flight from Rabaul to Arawa on 20 March.

As we were driven around Arawa and Kieta it was evident that much of the town and port area had been destroyed, including shops belonging to traders who had fled; Bougainville Copper Limited houses, the Country Club and even the University Centre offices. Apart from this, life appeared to be normal although there were not many cars on the road and we were told most town residents had returned to their villages or fled the island. We saw only two or three shops operating with limited supplies for sale and few customers although some enterprising person in Buin was making icy poles! Informal measurements showed that people's nutritional health seemed to have improved because they had returned to dependence on locally-grown produce from their gardens.

However, after two years' experience working for Community Aid Abroad's Disasters Response Desk, with a focus on the Asia-Pacific region, it is my firm opinion that the total lack of medical supplies to Bougainville between May 1990 and February 1991 has created an emergency situation. Bougainvillean doctors who have



remained on Bougainville throughout the conflict estimate that over 3,000 people have died as a direct consequence of the blockade and that many thousands more are suffering unnecessarily because of a lack of medicines, soaps, detergents and dressings. The island's 300 bed hospital was shut down in June 1990 and there has been no surgery performed since last September. Those in need of surgical care must go to the Solomons Islands (putting serious pressure on the health system there) or rely on traditional practices. An estimated 3,000 children remain unvaccinated against easily preventable diseases. The incidence of malaria has increased markedly.

Since January 1990 malaria has killed 200 people, representing a 182 per cent increase over 1989. Many of these are children and pregnant women. When we arrived in Arawa we were asked if the charter flight could return to Rabaul carrying a pregnant lady in a coma and suffering from malaria. We heard that she died two days later in hospital. The incidence of tuberculosis and leprosy has also increased, particularly amongst the 10 to 20 year age group. Because of the protracted course of supervised therapy required (a maximum of six months for TB and two years for leprosy), these diseases are going virtually unchecked. Yaws and tropical ulcers are increasingly in evidence because of a lack of penicillin, soaps and detergent. In the past year 70-80 per cent of outpatients have been children under five years of whom 50 per cent are suffering from gastroenteritis, while over 70 per cent of deaths are due to respiratory-related diseases. In addition those people with drug dependencies for illnesses such as diabetes and asthma are dying from lack of medication.

Before the conflict twenty-three health centres operated on the island, most of which have reopened as limited supplies of medicine became available with the first ex-PNG delivery in February 1991. The delegation split into three groups. Dr Trevor Garland remained in Arawa with Dr Charles Loubai to look at facilities in the private clinic operated by Bougainville Copper Limited and the Arawa General Hospital. One team went north, nearly as far as Tinputz, and the other south, turning inland before reaching Buin. An aid post at Paghui was visited which served about 1,000 people in twenty-five villages within up to six hours walk from the post. Four volunteers, with qualifications ranging from hospital administrator to community nursing sister, and a nurse in obstetrics worked at the clinic. These

people all expressed their frustration at trying to restore people's health with very small amounts of drugs and medicines. People's morale was not good after making long trips to aid posts in the belief that supplies had become available, only to find they had got there too late.

Members of the team who went north visited health centres at three locations: Wakunai, Kekesu and Teorouki. The centre at Teorouki was closed due to lack of medicines despite several requests to Dr Loubai for supplies. The Wakunai health centre had two thirty-bed wards and was being run by one nursing sister and a volunteer. Although it could not admit patients, two children were there, one with malaria and the other with gastroenteritis. The outpatients' clinic opened only three days a week because of the lack of supplies. The majority of people presenting are suffering from malaria. Malaria-related pregnancy complications were cited as the cause of at least eight child deaths in the past 12 months. Several women had died during the latter stages of pregnancy, allegedly due to malaria. The Kekesu health sub-centre was under severe pressure because the nearby Teorouki health centre was closed. As a result, about forty-five outpatients were being seen by two nursing aides on each of the three days the centre was open. The most common problems were malaria and yaws. Two still-births from malaria had been reported in the past week and the nurses complained of a lack of basic supplies such as suture needles and material, and soap and disinfectants, as well as medicines. People using the clinic were asked to bring food and cocoa because staff were unable to attend to their gardens and there is a limited trade in cocoa still operating. Dr Garland's discussions with Dr Loubai revealed there was a poor water supply in many of the rural health clinics and tanks would be required to ensure a degree of reliability in water supply.

As we proceeded to talk with Interim Government representatives, BRA members, the expatriates who have remained, and local people it became evident that this is a very complex and tense situation. People have been severely traumatized by the fighting, and especially by the presence of riot police and troops. In addition, the lack of law and order has allowed disenchanted youth and clan members to roam at will damaging property and threatening and attacking local people. Although the place appeared calm, people were clearly still apprehensive about returning to work, especially nurses and teachers, and most parents were afraid to send their children off to

schools, many of which had been damaged during the unrest. This destruction had been carried out by youth who were not formal members of the BRA but BRA supporters with home-made weapons or slingshots; we were told that much of the violent activity on the island is attributable to this group. One driver told the team that it was not uncommon to be confronted on the side of the road by armed youths 10 to 12 years old intent on robbery. We were frequently told of the need to get the BRA to confront the activities of the 'rascal' BRA.

The issue of disillusioned youth (made all the worse because schools have been shut for over a year) is of great concern to Father John Momis and I quote from CHERAB's report to AIDAB:

The pain in the eyes of the people when talking about what they have been through was intense. The hatred against Papua New Guineans expressed by some people was frightening. The disruption which has occurred in some areas has created feelings which may take several generations to subdue. Even the youth in schools visibly express the pain of the crisis and protest sentiments are clearly visible. The trauma resulting from the abuses which have taken place has had a severe effect on many people. Some communities need assistance to come back together, to be able to talk to each other again about what they have been through (CHERAB 1991).

Clothing was also found to be in short supply, especially in rural areas where people did not have access to shops and homes abandoned by those fleeing the conflict. The team was told of cases where people had had to dig up corpses to obtain clothing.

The feeling on the island is a sort of tense calm as people wait to see what happens next, especially with regard to the resumption of medical supplies and restoration of basic services. An air of uncertainty is due largely to the lack of communication services: there are no newsletters or newspapers, no telephone or commonly available radio communication, and no official mail deliveries. There is also a reluctance by many on the island to own and use a radio transmitter for fear it may be thought that they are collaborating with PNG.

### **Australia's involvement**

Many Bougainvilleans claim that Australia has a direct responsibility in resolving this conflict because they helped to create it by opening the copper mine in April 1972 against the wishes of landowners, and later ignored Bougainville's plea for independence in 1975. Throughout this conflict the Australian government has supported the Papua New Guinea government's claim that this is an internal matter. Australia also stood by Papua New Guinea against allegations, in an Amnesty International report released in November 1990, of human rights abuses committed by Papua New Guinea troops. Unlike the governments of New Zealand, Canada, Vanuatu and the Solomon Islands, the Australian government has never played a direct role in facilitating talks between the two groups. Although offers of assistance in restoration of services to the island have been made, these are totally dependent on the approval of the Papua New Guinea government. For example, we were told that Australia's offer to install a telephone link with Bougainville was rejected by the Papua New Guinea government on the basis that such a link might then be used to contact international terrorist organizations.

Australia is now also viewed with suspicion by people on the island, particularly members of the BRA, because of the use of Australian-donated Iroquois helicopters by the Defence Force (PNGDF) to strafe villages and to dump the bodies of innocent civilians out at sea. There are also allegations that Australian Defence Force personnel were advised of the latest unannounced (and unauthorized) deployment of troops on northern Bougainville in April 1991 a week before it occurred. This situation is of great concern in the light of Senator Ray's recent statement announcing a relaxation in terms and conditions relating to Australia's \$50 million annual direct military assistance to Papua New Guinea.

This conflict has always been a political not a military issue and the only acceptable long-term solution must be reached through discussions and negotiations. The Honiara Declaration, signed on 23 January, provided for the establishment of a PNG-appointed Bougainvillean Task Force to oversee and implement the restoration of services to the island. However, this group, headed by Father John

Momis, Minister for Provincial Affairs and a Bougainvillean, is facing serious difficulties in carrying out their appointed task. No additional funds have been allocated to the North Solomons provincial budget to cover the cost of repairing and restoring services. This annual budget of K2 million represents the only funds available for Bougainville and the operations of the Task Force. Much of the allocation is presently being spent on rebuilding in Buka. Since no separate fund for Bougainville has been established, normal cumbersome government funding mechanisms apply whereby funds are released quarterly; but large amounts of cash are needed 'up-front' in order to purchase the supplies and equipment necessary to reinstate electrical, water and medical services.

The Task Force is under severe pressure from the Papua New Guinea government and the people of Bougainville to restore basic services as soon as possible. But it faces many obstacles in meeting these expectations. An Australian Parliamentary Delegation which visited Port Moresby and Rabaul in February 1991 observed that there is no common view in the Papua New Guinea cabinet that a peaceful resolution to this conflict was desirable. Many people, including the PNGDF, would like to see the Task Force fail in order to ensure the way is open for a 're-occupation' by troops to carry out restoration, as is being done on Buka Island. To date, the only practical response provided by the Australian government has been to fund two visits by Australian NGO representatives to initially determine the needs and a response and now to ensure that both parties will support such a response.

Australians must continue to keep this issue in the public eye in light of the effective smothering of information on the situation throughout the blockade. Pressure must be put on the Australian government to play a much stronger role in ensuring a peaceful and negotiated solution to this problem and not allowing the 'hardline' elements in Papua New Guinea to hold sway.

This is clearly an emergency situation and requires an immediate and effective response to ensure people's rights to medicine and basic services are provided for throughout the island.

## CHAPTER 5

# REASSESSING THE ECONOMIC IMPACTS OF THE BOUGAINVILLE CRISIS, 1991

**Ethan Weisman\***

The gold and copper mine of Bougainville Copper Limited (BCL) at Panguna remains shut and the conflict between Bougainvilleans and the central government continues. Having reviewed the effects of the closure on North Solomons Province and the nation one year ago (Weisman 1990a), I will take this opportunity to reassess the prospects for the reopening of BCL, the economic outlook for North Solomons Province and the national economic situation. The review shows that the North Solomons economy has been enfeebled by the mine closure and economic prospects are poor in the short run even if a political solution is forthcoming. Moreover, the role played by the North Solomons Province in the national economy continues to diminish over time.

### **Economic impacts on Bougainville Island**

Although it is difficult to assess the extent of the destruction and turmoil on Bougainville Island accurately, it clearly appears that the island's infrastructure has been decimated. In addition to the loss of lives and sustained injuries, communications, social services (especially health and education), law and order, and other basic services have suffered from the conflict. The deterioration of infrastructure was accelerated by Deputy Prime Minister Ted Diro's May 1990 announcement of an economic blockade against North Solomons Province. In the Endeavour Accord the national government agreed to restore communications and health and education services in exchange for

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\* Gratitude is due to Brian Brogan and Graeme Dorrance for useful comments and suggestions, but the views expressed are solely the author's.

deferral of Bougainvillean political aspirations. The collapsed Endeavour Accord was followed by the 23 January 1991 Honiara Declaration peace accord, after which some modicum of medicines and garden supplies reached the island. The central government was asked to sell copra and cocoa produce to be loaded on the supply boat's return trip.

Since these peace efforts, conditions on the island have appeared to stabilize. The central government's blockade of Bougainville was lifted only in March 1991. Nevertheless, much of the infrastructure has been destroyed and communications remain strained. According to one report (*Canberra Times* 28 March 1991) the economy has regressed to barter trade. The report also cited the complete lack of electricity, fuel, radio communication, tap water, soap, and basic medical supplies such as bandages. Health services reportedly consist of three doctors and a few nurses attempting to keep hospitals open. Road decay and lack of electricity and medicines make this latter task extremely difficult.

### **Reopening Bougainville Copper Limited**

On 1 March 1991 the Australian Associated Press reported (*Canberra Times* 1 March 1991) that 'CRA Ltd has rejected overtures from the PNG government to sell its majority stake in BCL. But CRA has not ruled out selling its 53.6 per cent stake if the price is right and if the sale is central to resolving the secessionist crisis ... CRA rejected as inadequate last year a proposal from Chicago-based investor Jay Pritzker'.

It is in the interest of the majority shareholder of BCL to maintain that the mine is viable. The Australia-based CRA would recover some of its losses and would sustain good relations with the central government by keeping the hopes of reopening BCL alive. It must be remembered that CRA has other mineral interests in Papua New Guinea (at the Mt Kare alluvial gold deposit and the Hidden Valley gold project). Although an expert assessment of the condition of the mine's plant and equipment has not taken place, one can hazard some guesses about its general condition. An independent assessment must place serious doubts on the economic viability of reopening the Panguna mine even if political problems were resolved. The mine pit probably contains a significant amount of water, which would have to be

pumped out before any serious mining restarted. Perhaps more important is the fact that, as elsewhere on the island, much of the infrastructure and capital equipment has been destroyed or has deteriorated due to lack of maintenance. Any mining operation at the Panguna site would virtually have to start over. It must also be remembered that projected mine productivity was forecast to decline to roughly half of its 1988 level.

### **Other mines on Bougainville?**

Of potential interest is the establishment of new mining projects on the island. Preliminary studies suggest that some other areas of the island contain geological conditions worthy of exploration. On the other hand political conditions remain unstable and at present there is a distinct lack of investor confidence. The BCL experience would caution any new investors to study and learn from previous events. It is not clear that island residents would allow, let alone seek, further mineral exploration or excavation. Even if these matters could be resolved in favour of development of other mines on Bougainville, finding a workforce will remain problematic. An important part of the BCL workforce came from outside Bougainville. It is doubtful whether Papua New Guineans from outside the North Solomons would be willing to work there again, given the violent treatment of outsiders in recent years. The lack of a manual workforce poses other problems discussed below.

### **Bougainvillean non-mining economic potential**

While BCL was in operation neighbouring areas cultivated cocoa on a plantation scale. Roughly 45 per cent of the nation's cocoa was grown on Bougainville. Workers from other parts of Papua New Guinea were attracted by the lucrative pay offered by the mine. Many found work on the cocoa plantations. In fact it has been suggested by Dorrance (Parsons and Vincent 1991) that relative plantation wages were depressed by the abundant workforce attracted to North Solomons Province by the wage rates paid at the mine. Indefinite closure of the Panguna mine and the ensuing violence has led to the virtual abandonment of Bougainville by non-Bougainvilleans. The political turmoil has also encouraged skilled Bougainvilleans to seek more stable and profitable positions outside North Solomons Province. To



revitalize the plantation economy on Bougainville will require the peaceful resolution of the outstanding political questions and a significantly increased package of remuneration for the workforce. In other words, commercial agriculture on Bougainville will be more expensive than in the past.

Indefinite closure of the mine also signifies the stagnation of the activities which previously thrived on sales to the mine and its staff. A number of small businesses which relied on the mine for the bulk of their sales will not be recreated.

These points imply that the local economy on Bougainville will have to look to new areas for sustainable growth and development. Agriculture provides the most promise. Small-scale crops, horticulture, spices and non-traditional cash crops may prove to be the answer to Bougainville's new comparative advantage in the aftermath of the decimation of capital and infrastructure caused by the Bougainville crisis. The success of this strategy will depend on events in the rest of Papua New Guinea. A brief assessment of likely events in the national economy must precede an analysis of their impacts on Bougainville.

### **National economic situation**

Most noticeable, and in contrast with last year's perspective, the national economy is influenced less and less by events on Bougainville. This is not to say that the need for a peaceful political solution should receive a lower priority. However, Papua New Guinea, with the able assistance of the donor community, has appeared to overcome the immediate economic crisis which followed the closure of the BCL mine.

Realization of BCL's indefinite closure was reflected in the 1991 national budget. The government devalued the kina by 10 per cent, and announced efforts to increase the tax base and improve collection, replacement of the National Investment Development Authority (NIDA) with an Investment Promotion Authority, reductions in real wages, tighter monetary policy, retrenchments in government employment, and liberalized trade policies. In the wake of these announcements the international donor community, under the World-Bank-led Consultative Group for Papua New Guinea, announced a \$US710 million package

principally for balance of payments support and structural adjustment. Although confidence in the kina was not lost, the effects of the Bougainville crisis led to a real GDP decline of about 4 to 5 per cent, approximately minus 7 per cent in real per capita terms (see Table 1 and Figure 1).

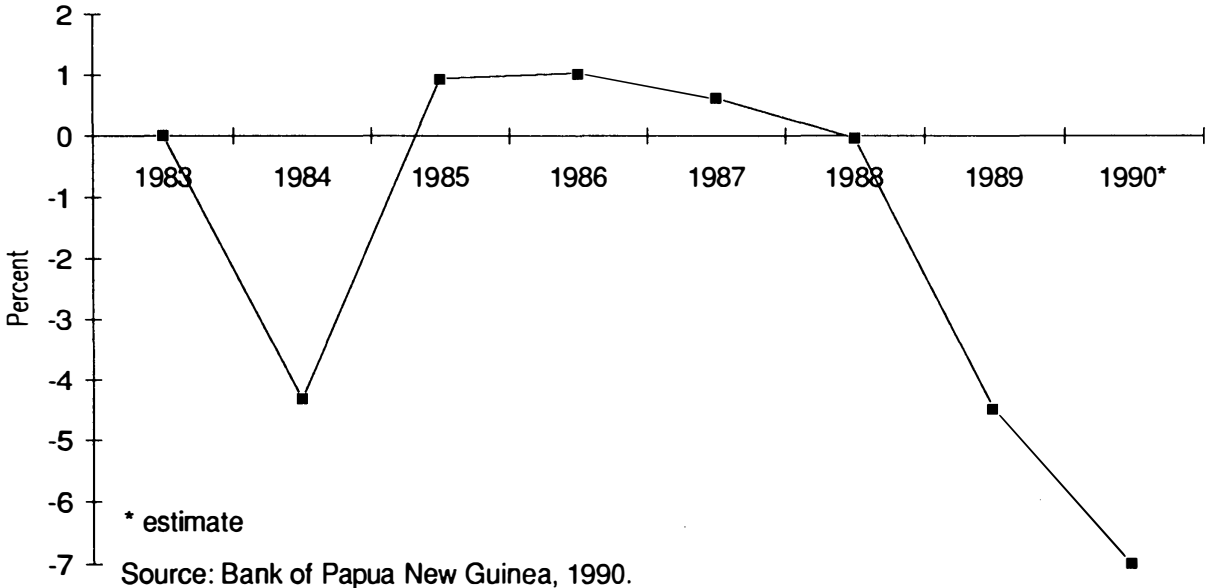
Table 1: Growth in GDP (Source: Bank of Papua New Guinea, 1990)

Year	Real GDP (1983 Kina)	Growth %	Growth per capita %
1983	2145.4	-	-
1984	2117.4	-1.3	-4.3
1985	2200.7	3.9	0.9
1986	2289.3	4.0	1.0
1987	2372.0	3.6	0.6
1988	2442.1	3.0	0.0
1989	2406.1	-1.5	-4.5
1990(e)	2309.9	-4.0	-7.0
1983-90		1.1	-1.9

(Source: *Bank of Papua New Guinea Quarterly Economic Bulletin* December 1990)

The devaluation has been successful in marginally improving the country's competitive position; under 7 per cent annual inflation was recorded by the end of 1990 (*Bank of Papua New Guinea Quarterly Economic Bulletin* December 1990). However the government's determination to follow through with its plans for structural adjustment may be beginning to wane. By March 1990 the restrictive credit policy was dropped. The planned cut in government spending did not eventuate as retrenchments left the government short of skilled

Figure 1 Papua New Guinea real growth per capita



workers. As in the previous exercise in retrenchment, many voluntarily retired workers (after agreeing to lucrative separation payments), had to be rehired as expensive consultants. Under pressure the government has lifted restraint on wages effective 1 January 1991. Nominal government expenditure was reduced mostly for maintenance works and net lending and investments (to statutory authorities). Government expenditure in the form of transfers to bankrupt commodity boards subsidized producers suffering from low export prices. The Investment Promotion Authority still may smooth the process for direct foreign investment.

However, hanging over this improvement is the deteriorating law and order situation, which continues to detract from Papua New Guinea's attractiveness for non-mineral investment. A serious unemployment problem exists, particularly for unskilled labour. Raised expectations about the general economic situation, due partially to high-paying jobs in the minerals sector, mean that unemployed unskilled workers (especially young males in urban environments) may continue to take out their frustration in extra-legal ways. Solving the law and order and the associated unemployment problems must remain a major concern of the government. Finally, trade liberalization only signified a switch from f.o.b. (free on board)-based tariffs to c.i.f. (cost, insurance and freight)-based tariffs in combination with a decline in the basic duty from 9 to 8 per cent. A number of tariffs on inputs are slated to be reduced to zero. Heavily protected sectors, such as sugar, will not be subject to increased competition for several years. Moreover, tariff changes still require legislation before they can be implemented. In short the macroeconomic record remains stable but persistent implementation and the depth of structural reform remain to be proven.

Papua New Guinea will still have to contend with the potential problems associated with 'booming sector' effects. A number of oil and gold mining projects are under way or are preparing for construction phases. Presently, the Ok Tedi gold and copper mine, the Porgera gold mine, the Mount Kare alluvial gold deposit and the Misima gold mine are producing and exporting minerals. The Hidden Valley gold and silver project also may begin to produce in the near future. More serious gold exploitation may commence if the Lihir gold project begins operations. Low gold prices and technical aspects could delay the commencement of the Lihir project for a number of years. More

important in economic terms are the potential effects of the Kutubu oil project in the Southern Highlands. Oil is projected to flow around the end of 1992. Proven reserves exceed 200 million barrels and production should reach approximately 130,000 barrels per day. It is quite possible that these estimates are highly conservative. Finally, if the world market price of gas becomes profitable for exporters, Papua New Guinea's Hides gas field provides about 860-950 billion cubic feet of proven reserves.

An NCDS/INA paper (Parsons and Vincent 1991) reveals that the result of these projects implies a massive boost to net exports beginning around 1993. If the tax regime remains relatively stable this should imply a corresponding massive increase in government revenue starting in 1994. These prognostications are based on the assumption that serious problems due to landowner unrest, central government reactions (or lack of actions) as well as company responses fail to cause costly delays. Filer (1990 and in this volume) makes some interesting points on this topic.

The result could easily lead to booming sector effects.<sup>1</sup> To the extent that the booming minerals sector attracts labour away from other activities and injects both labour and capital or improves efficiency, resource movement effects occur. That is, resources will be absorbed by the minerals sector and withdrawn from other parts of the economy, including the agricultural sector. The attraction of skilled labour away from other activities, including government service, will be especially strong during construction phases of the mineral and oil developments. These effects will have implications for the national economy and economic circumstances on Bougainville.

On the other hand, spending effects will also occur. Again to the extent that the new projects spend funds on non-traded domestic goods and services, the price of these items will increase. Since Papua New Guinea is a small open economy and therefore acts as a price taker on international markets, the price of tradable goods and services remains unaltered by domestic economic activity. In other words, the real exchange rate will tend to appreciate. To put this point another way,

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<sup>1</sup> Weisman (1990b) illustrates the effects of aid as a booming sector in Papua New Guinea by using a computable general equilibrium model. The paper also contains a brief theoretical outline of booming sector effects.

balance of payments surpluses, caused by rapid expansion of mineral and oil exports, puts pressure on the kina to appreciate. Under either theoretical scenario real exchange rate appreciation will tend to penalize non-mineral export sectors. The agrarian sector will tend to shrink under booming sector effects.

### **Booming sector effects on Bougainville**

The potential for serious economic problems from booming sector effects cannot be dismissed. The following delineates the implications of these effects on the local economy of Bougainville.

First, the assumption of political stability and a peaceful resolution to the present conflict underlies the thoughts that follow. Secondly, it is also essential that the central government work with the residents of Bougainville to quickly restore infrastructure on the island. Finally, it is assumed that the development of agriculture serves as the pillar of economic strength on Bougainville. This last assumption implies that no new mining projects or exploration begin in the short-to-medium-term. The following scenario depends heavily on these assumptions.

The relevant booming sector effects for Bougainville can be summarized as an 'overvalued' exchange rate and as spending effects which tend to bid up the scarcity value of skilled labour. With the Bougainville economy more reliant upon agricultural development and booming sector effects penalizing this sector on a nation-wide basis, prospects for economic recovery in the North Solomons Province remain weak.

### **Some possible government responses to a boom**

The government has a wide variety of policy choices in the face of a potential mineral and oil development boom. These options are spelled out clearly in the NCDS/INA paper entitled 'High Stakes' (Parsons and Vincent 1991). Some of these alternatives, which are not mutually exclusive, include sterilization of government revenue through loan repayments or investment overseas, and increased public investment spending.

The Mineral Resources Stabilisation Fund (MRSF) has been the conduit through which the central government has sterilized the tax,

dividend and other receipts flowing from the BCL mine. Presumably future government revenue will also be filtered through this fund. It might be time to consider holding these funds overseas, to sterilize the funds and to earn a higher yield than the Bank of Papua New Guinea pays for holdings in the MRSF. Another way to sterilize the funds is to repay outstanding loans, diminishing a current debt service liability. Overseas public debt outstanding has reached historically high levels, peaking to K1015.3 million in the third quarter of 1990. Government external debt rose from 28 per cent of GDP in 1989 to 32 per cent in 1990. The expansion was due to the stabilization and structural adjustment programme instituted by the government following the indefinite closure of BCL. All of the fresh money was from concessional rather than commercial sources. Commercial debt incurred in the early 1980s still burdens the government with substantial servicing payments which will last until 1992. Retiring some of this debt makes sense only under conditions where additional government spending on efficient projects faced serious constraints and the growth in revenue is likely to be shortlived. It would be prudent for the government of Papua New Guinea to make present plans based on the oil and mineral projects that are known to be going ahead. The country has already learned the lesson in the early 1980s of spending money before it has been generated.

The government could offset some of the bias against the agricultural sector by investing prudently in high-yield infrastructure which supports agricultural activities. Increased public investment spending must also address inadequate education, health and social services. However, these increased expenditures may require skilled labour inputs, exacerbating the shortage of skilled labour in the short run, especially during the construction phases of the minerals and oil developments. Imports of critical skills from overseas could help to shore up this scarcity. Another way to avoid bidding up the price of skilled labour is to phase in public construction projects after the construction portion of mineral and oil developments have approached their conclusion. In addition, the government could attempt to increase high-yield public expenditure in areas that require skilled labour not sought by the minerals projects.

The government must also consider the possible decline in future flows of overseas aid. As the oil and mining projects contribute

increasingly to government revenue, donor agencies and governments will perceive the diminished need to provide grants and concessional loans. Australia, which still provides a substantial amount of budget support, is considering augmenting project aid and decreasing budget support in line with bilateral agreement on this topic. The net effect will be lower amounts of bilateral aid flows. This has been sought by the Papua New Guinea government as it seeks to demonstrate increasing economic autonomy. Australia, on the other hand, will continue to provide friendly assistance to its closest neighbour. These considerations must be incorporated into Papua New Guinea's plans for budgeting revenue and expenditure in the coming years. It must also be a consideration in the medium- and long-term planning for economic development.

In short, the boom created by the development of large scale mining and oil operations will require the government to make careful plans to optimize the benefits for the nation. These plans must be reviewed constantly to adjust to the changing facts concerning the mineral developments (especially concerning the size and timing of resulting government revenues). Rolling projections and policy adjustments based on fast changing circumstances provide the government with its major challenge for the next ten years. Successfully meeting this challenge with appropriate policies will allow Papua New Guineans to look back on the economic situation in 1990 as a measure of the enormous strides made toward economic development. Lack of success would mean that the general population of Papua New Guinea would fail to benefit from the economic activity generated by mining and oil activities.



## CHAPTER 6

# ECONOMIC ADJUSTMENT TO THE BOUGAINVILLE CRISIS

**Andrew Elek**

During 1989 and 1990, Papua New Guinea had to adjust to a fall in export earnings and budget revenues of unusual proportions. The closure of the Bougainville Copper Limited (BCL) mine from May 1989 was accompanied by a sharp decline in export crop prices for coffee, cocoa, copra and palm oil. The loss of export earnings was aggravated further in 1990 by the disruption of agricultural commodity exports from the North Solomons Province.

These combined setbacks ended a period of solid growth from 1984 to 1988. GDP had grown by an annual average of 4.4 per cent in real terms during that period, but fell by an estimated 1.5 per cent in 1989. At the beginning of 1990, Papua New Guinea not only faced a period of further economic decline, but the damage to Papua New Guinea's export earning capacity threatened to lead to a serious balance of payments crisis. Estimates by the Bank of Papua New Guinea at that time suggested that, in the absence of offsetting adjustments, reserves would have declined by an unsustainable K270 million during 1990 from an opening balance of K342 million in January 1990. A decline of even half this magnitude would have undermined confidence in Papua New Guinea's economic management, its exchange rate, as well as destroying investor confidence, leading to long-term economic damage.

Looking back at 1990, an economic crisis has been successfully avoided at a national level. The North Solomons economy has been greatly impoverished by the combined loss of agricultural income and earnings directly or indirectly linked to the BCL operations. It will take a long time for the provincial economy to recover from these blows.

The adverse consequences of what has happened in the province have also been felt at the national level. There was a further fall in Papua New Guinea's GDP in 1990, currently estimated to have been around 4 per cent. But the economy has not been blown permanently

off course and a recovery commenced in the early months of 1991. The Bougainville crisis has not set back other mining and petroleum projects. The boost to activity generated by their construction and subsequent production is likely to lead to rapid growth in the economy during the rest of the 1990s.

This paper reviews the process of economic adjustment at the national level, including some lessons from the adjustment experience, raising some policy issues for the rest of the decade.

### **The adjustment process**

In its last full year of operation, the BCL mine accounted for 8 per cent of GDP, 35 per cent of export receipts and 12 per cent of government revenue. Its closure in 1989 was accompanied by a very sharp fall in agricultural commodity prices; Papua New Guinea's terms of trade fell by over 15 per cent in 1989.

Shocks of this magnitude required considerable economic adjustments and the Papua New Guinea government reacted promptly and decisively to the situation in early 1990, announcing a package of macro-economic policy adjustments including:

- a net reduction of around K75 million from a budget of K1,000 million, to be achieved partly by cutting the size of the public service;
- tight monetary policies, including lower lending targets and higher interest rates;
- wage restraint; and
- a 10 per cent devaluation of the kina.

These measures were designed to lower the level of demand in the economy, in order to help reduce the demand for imports broadly in line with the sharp reduction in the economy's capacity to export. The cut in public expenditure was intended to achieve a direct reduction in demand, while tighter monetary policies were to act indirectly by reducing investment demand. The combination of devaluation and wage restraint, leading to a fall in real wages, was designed to achieve several objectives. In the short term, there would be lower consumer demand due to the lower purchasing power of wages while lower labour costs would help sustain employment even as economic activity declined. Moreover, the decline in real wages was also expected to

contribute to a sustained longer-term improvement in Papua New Guinea's competitiveness.

The reduction in domestic demand due to these policy measures was accompanied by an automatic process of adjustment in the private sector. For example, BCL's loss of exports was offset partly by a reduction in the demand for imported inputs (such as fuel oil) which were estimated to be just over K100 million in a full year of production.

The purchasing power of the rest of the private sector was also reduced due to the loss of domestic sales which would have been made to BCL, the loss of income from cash crops due to lower prices, and the disruption of exports from the North Solomons. While the first-round effects of these losses in purchasing power were mainly felt in that province, subsequent rounds of lost sales depressed activity and demand throughout the Papua New Guinea economy.

The combined effect of these reductions in public and private sector demand had a swift and significant effect on the balance of payment situation, as shown in Table 1. The current account deficit, which had widened in 1989, was reduced substantially in 1990. Foreign exchange reserves, which had fallen from K380 million in May 1989 to around K320 million in early 1990 recovered strongly from April 1990. Reserves continued to rise, reaching over K430 million by late 1990; the closing balance for 1990 was just under K380 million, sufficient to cover 4.4 months' value of imports.

Table 1 also shows that the value of exports dropped sharply from a 1988 peak of K1256 million, to K1132 million for 1989. The more detailed breakdown of exports in Table 2 indicates that the decline in 1989 exports was due to the loss of exports from the mineral sector following the closure of BCL in mid-year. Although agricultural export prices fell sharply in 1989, these were more than offset by an increased volume of agricultural commodity exports.

Agricultural and forestry exports dropped sharply in 1990, but these declines were almost wholly offset by a recovery in mineral exports. Although there were no further exports from BCL, increased output from Ok Tedi and the commencement of exports from the Porgera and Misima gold mines resulted in a net increase of over K70 million in mineral exports. Accordingly, the decline in exports from

**Table 1: Balance of Payments**  
(K million)

	1988	1989	1990(p)
<b>CURRENT ACCOUNT</b>			
Merchandise Exports (a)	1,276	1,132	1,111
Merchandise Imports	-1,999	-1,152	-1,050
Balance of Trade	77	-20	61
Invisible Credits	208	214	298
Invisible Debits	-646	-580	-585
Net Invisible	-438	-366	-287
Net Private Transfer	-108	-112	-102
Official Transfers	188	186	215
Net transfers	80	74	113
Balance on Current Account	-281	-312	-113
<b>CAPITAL ACCOUNT</b>			
Official Capital Flows	-25	-19	84
Private Capital Flows	202	228	150
Non-Official Monetary Sector Transactions	26	1	-22
Balance on Capital Account	203	210	212
Revaluation	0	0	34
Net errors, omissions	24	50	-103
<b>OVERALL BALANCE</b>	<b>-54</b>	<b>-52</b>	<b>30</b>
<b>International Reserves (end of year)</b>	<b>396</b>	<b>342</b>	<b>378</b>

(a) Exports include immigrants effects and differ slightly from total exports in Table 2.

(p) Preliminary

Source: Bank of Papua New Guinea, Quarterly Economic Bulletin, December 1990.

**Table 2: Exports Classified by Commodity Group  
(K million, f.o.b.)**

	Agri- cultur- al	Forest Pro- ducts		Marine Pro- ducts		Mineral		Total Domestic Export	Re- export	Total Exports
		Logs	Total (b)	Gold	Copper	Total (c)				
1984	380.6	69.9	81.7	10.0	183.3	135.5	326.8	799.1	22.9	822.0
1985	330.2	58.4	67.3	12.1	318.8	164.2	489.9	899.4	26.7	926.2
1986	331.9	68.0	74.7	7.9	398.5	156.0	561.2	975.7	25.1	1000.8
1987	268.9	103.0	110.9	11.0	422.9	281.9	714.9	1105.7	17.5	1123.5
1988	255.2	90.5	97.5	7.5	405.1	446.9	861.5	1221.7	34.4	1256.1
1989	270.1	90.0	96.2	8.1	316.9	344.9	676.1	1050.5	61.1	1111.6
1990	189.9	62.0	69.9	8.2	384.2	349.2	748.5	1016.5	72.5	1089.0

- (a) Export values up to 1989 are reconciled with the National Statistical Office. 1990 data are collected from Commodity Board sources, mining companies and commercial banks by the Bank of Papua New Guinea.
- (b) Other forest products include timber, plywood, woodchip.
- (c) Includes silver.

**Source:** Bank of Papua New Guinea, Quarterly Economic Bulletin, December 1990.

1989 to 1990 was only K21 million, compared to the massive (K144 million) drop in the preceding year.

While exports steadied in 1990, imports fell sharply due to the effects of lower demand associated with the loss of private sector purchasing power and cutbacks in government expenditure. Imports fell by over K100 million, or by over 9 per cent between 1989 and 1990. Net private capital flows to Papua New Guinea dropped by almost K80 million during 1990, but this fall was offset by an increase in net official flows, including a drawing of K54 million from the International Monetary Fund's Contingency and Compensatory Financing Facility (CCFF).

Inflation accelerated during 1990; the Consumer Price Index (CPI) rose by almost 9 per cent from the end 1989 to end 1990, compared to an average annual rate of increase of 4.6 per cent during the previous two years. The rise in inflation was attributable largely to the 10 per cent devaluation of the kina in January 1990 which led to an increase in the kina prices of imports to Papua New Guinea. The upward movement in petroleum prices due to the Gulf crisis also contributed to inflation during the latter part of the year. On the other hand, inflationary pressures were reduced by the subdued level of economic activity as well as by wage restraint.

Under the Minimum Wages Board (MWB) determination of 1989, adjustment of wages to prices are limited to a maximum of 6 per cent per year. In addition, the government negotiated an agreement with public service employees in early 1990 providing for even tighter wage restraint. Under this agreement, public servants on the lowest salary scales were to receive the increments determined by the MWB, but there were to be tighter limits on those on higher salary scales. A sliding scale was agreed so that the highest levels of the public service would receive increases of 2 per cent per year less than those determined by the MWB. On this basis, given that most public servants are paid at above minimum wage rates, the average increase for public servants during 1990 is estimated at 4.5 per cent, compared to 6 per cent for the private sector.

In view of the 9 per cent rise in the CPI, there was an economy-wide decline of between 3.5 and 4 per cent in real labour costs during 1990. Accordingly, the 10 per cent devaluation combined with the

restraint of nominal wages and salaries led to a modest improvement in Papua New Guinea's competitiveness.

The agricultural export sector has suffered considerably due to lower world prices during the past two years. The balances which had been accumulated in commodity price stabilization funds helped to cushion the price falls by paying bounties to producers. However, these balances have now been exhausted (in mid 1989 in the case of cocoa and early 1991 for coffee); a reduced level of bounty support to growers is being financed by loans from the budget to the commodity price stabilization funds in order to reduce or avoid bankruptcies among plantations and bolster smallholder incomes.

The devaluation also provided some relief to agricultural producers. Their kina receipts have been increased by 10 per cent at any given level of world prices. This gain has been offset only in part by the increases in costs resulting from the devaluation owing to the combination of tight demand management and tight wage restraint during 1990. As explained in more detail in Elek (1991), this meant that the cost increases stemming from the 10 per cent devaluation will have been limited to between 5 and 6 per cent for the plantation sector.

On this basis, plantations would have become more profitable at any given level of world prices. For example, if a cocoa plantation's profit margin had been 10 per cent before the devaluation, then the profit margin would have increased to 14 per cent by the end of 1990, if world prices for cocoa had stayed the same during the period. However, a fall in world prices of only 3.6 per cent is sufficient to offset the effect of a 10 per cent devaluation on profitability. In the environment of sharply falling world prices, Papua New Guinea agricultural producers will not have perceived the gain from the devaluation during 1990, even though it has led to a modest permanent improvement in their competitiveness.

The foregoing summary of economic developments during 1989 and 1990 suggests that the pain of adjustment associated with a fall of GDP in the order of 5 per cent over two years has been spread widely, albeit not evenly.

The hardest impact has been on the North Solomons Province itself where income derived directly and indirectly from BCL was foregone, agricultural exports disrupted and government services suspended. BCL itself has lost the expected stream of profits from the

mine for the foreseeable future and the national government has lost the stream of income that would otherwise have flowed from BCL to the Mineral Resources Stabilisation Fund.

The decline in commodity prices hurt all producers of export crops since the effect of the price falls could only be partially offset by bounties from the commodity stabilization funds and the modest net gains in profitability from the devaluation.

The cutbacks in government expenditure hurt those whose services were cut as well as those parts of the private sector whose activity levels depend on public sector demand. Private sector activity was also reduced due to the lower demand from BCL, the North Solomons generally, and by the lower demand associated with reduced agricultural incomes. However, the impact on private sector profits was mitigated to some extent by a decline in real labour costs during 1990 since the acceleration of inflation following the devaluation was not fully reflected in wage increases.

The 1990 devaluation reduced the earning power of all wages, particularly during the first part of 1990; an adjustment to a 5.5 per cent increase in the CPI during the first half of 1990 was not made until September 1990 and was limited to 3 per cent for minimum wage earners and below that for public servants above the minimum wage. This was followed by a further modest decline in the purchasing power of wages and salaries during the rest of 1990. The fact that wage and salary earners bore some of the pain of adjustment contrasts with the experience of the early 1980s when the Papua New Guinea economy was also hurt by a sharp reduction in the terms of trade. At that time, all sections of the economy were adversely affected, except wage and salary earners who were protected by indexation arrangements.

### **Lessons from the adjustment**

Perhaps the most important conclusion to be drawn from the experience of 1989 and 1990 is that the Papua New Guinea economy is capable of withstanding major adverse shocks without losing its fundamental balance.

Indeed, the 1990 experience indicates there was an overadjustment to the loss of export capacity, since the trade balance improved during 1990. The current account of the balance of payments



narrowed considerably and international reserves actually rose during 1990, regaining the level recorded when the BCL mine closed in mid 1989. This suggests that the incremental reduction of demand brought about by the macro-economic measures of January 1990 was more than was needed to counteract the damage to the economy by the mine closure and lower agricultural prices. A less severe policy adjustment to demand would have proved sufficient when combined with the automatic reduction in demand associated with the loss of purchasing power in the economy. It may have been possible to end 1990 with a lower level of international reserves, but having suffered a smaller decline in GDP.

However, this can only be said with hindsight. At the time the macro-economic policy decisions were taken in January 1990, foreign exchange reserves had fallen substantially and looked like falling considerably further. In order to forestall a potentially dangerous loss of confidence in the economy and the currency, it was important to demonstrate convincingly that the government could react adequately to adverse changes in economic circumstances. The risks of indecisiveness, which could have led to serious capital flight and the possible deferment or cancellation of expected mineral projects, were very high: these risks outweighed the possible risks of cutting domestic demand by too much. So, while the extent of tightening of fiscal and monetary policy now appears to have been excessive, the decisions were probably unavoidable at the time.

The events of 1989 and 1990 indicate that, at the national level, the Papua New Guinea private sector's balance of payments is largely self-balancing in the context of prudent monetary policy, as noted in analysis by Palmer (1979) and Guest (1990). When the private sector's purchasing power is cut back, as it was in 1989 and 1990, its expenditures have to be cut back correspondingly, as long as there is no loosening of credit available to offset its reduced earnings. If this tendency towards self-balancing is recognized, then it is sufficient for the government to reduce its demand to adjust only to match its own loss of revenue; it is not necessary to reduce the net budget deficit below what it was expected to be before the adverse shocks which caused a shortfall in revenue. The effects of credit ceilings on demand growth are indirect and somewhat uncertain; however the experience of 1990 suggests that it would be sufficient to ensure that monetary

policy is not loosened to offset the loss of private sector purchasing power, rather than setting lower credit growth targets in response to the loss of export capacity.

Both monetary policy and fiscal policy were, in fact, loosened during 1990, once the extent of the fall in private sector demand became apparent. At the beginning of 1990, the Bank of Papua New Guinea set a target of zero growth in non-mining private sector credit at K935 million. In March, the credit ceiling was relaxed to allow a 4-5 per cent growth of non-mining private sector credit as the foreign exchange situation stabilized and the demand for credit eased. Commercial banks' lending policy also became more cautious, due to the need to write off debt which had been advanced to customers in the North Solomons Province. The actual increase in private sector credit over 1990 as a whole was just 1 per cent, well below the revised credit targets set by the Bank of Papua New Guinea.

Fiscal policy was also relaxed during the year. A committee chaired by the prime minister allocated the planned reductions in expenditure by about K75 million compared to the original budget for 1990. A programme to retrench up to 3,000 public servants was also undertaken. Up to around September, the revised expenditure targets were expected to be met. However, there was a considerable volume of unplanned expenditure above these targets in the last quarter of the year, so that only a net K33 million of the intended cuts were implemented (see Table 3). Moreover, additional spending commitments in the order of K30 million were entered into during the later part of 1990 which will require offsetting adjustments in the 1991 budget. New unplanned recruitment also largely offset the retrenchment of public servants earlier in the year.

Taxation revenues also fell short of expectations due to the greater than expected reduction in private sector activity. Consequently, the overall budget deficit for 1990 was estimated at K62.7 million, compared to the K3.4 million targeted in the revised budget of early 1990.

As noted above, a cut in Government expenditure smaller than the planned K75 million would have been sufficient, together with other developments in the economy, to stabilize foreign exchange reserves. The additional outlays in late 1990 have not led to any short-term macro-economic problems; however, the unplanned way in which

TABLE 3: Fiscal Operations of the Central Government (K'Million)

	1988	1989	1990 Bud-get	1990 Budget revised	12 mths to Dec 1990 (p)
	<b>566.7</b>	<b>689.2</b>	<b>705.1</b>	<b>645.5</b>	<b>599.4</b>
Personal Tax	156.8	172.7	193.0	180.0	186.2
Company Tax	129.1	180.2	92.0	92.0	94.9
Other Direct Tax	40.2	37.3	51.0	39.9	35.2
Import Duties	157.2	204.8	255.0	223.0	189.9
Excise Duties	66.9	81.8	86.3	80.0	80.4
Export Tax	16.3	11.9	27.7	30.5	12.6
Other Indirect Tax	0.2	0.5	0.1	0.1	0.2
<b>NON-TAX RECEIPTS</b>	<b>127.5</b>	<b>116.1</b>	<b>158.4</b>	<b>146.5</b>	<b>1646.5</b>
Dividends (a)	60.1	47.3	60.7	55.0	62.4
Interest Receipts/Fees	14.0	8.9	16.9	12.0	21.4
Other Internal Revenue (b)	53.4	59.9	80.0	79.5	80.7
<b>Foreign Grants (c)</b>	<b>189.9</b>	<b>187.5</b>	<b>182.7</b>	<b>213.1</b>	<b>222.5</b>
<b>Total Receipts</b>	<b>884.1</b>	<b>992.8</b>	<b>1046.2</b>	<b>1005.1</b>	<b>986.4</b>
<b>EXPENDITURE</b>					
Departmental (b)	392.1	438.2	458.3	433.5	479.9
Capital Works	55.9	56.2	79.4	55.9	84.6
Maintenance Works	41.4	47.9	34.0	39.0	32.7
Provincial Governments (d)	241.5	276.5	293.2	277.5	273.5
Net Lending & Investments (e)	43.3	45.3	41.5	28.7	15.8
Interest Payments	84.9	91.0	96.6	106.8	109.7
- Foreign	56.1	51.6	55.0	60.5	63.1
- Domestic	28.8	39.4	41.6	46.3	46.6
Other Grant & Expenditure (f)	55.2	64.9	79.3	67.1	79.0
Unallocated Expenditure		3.9	-	-	-17.1

<b>Total Expenditure</b>	<b>914.3</b>	<b>1023.9</b>	<b>1082.3</b>	<b>1008.5</b>	<b>1049.1</b>
<b>DEFICIT (-)/SURPLUS (+)</b>	<b>-30.2</b>	<b>-31.1</b>	<b>-36.1</b>	<b>-3.4</b>	<b>-62.7</b>
<b>FINANCING</b>					
Net Overseas Borrowing	-16.1	1.3	37.1	9.9	-16.8
Internat. Agencies (net loans)	67.5	70.0	114.9	95.5	102.1
Commercial (net loans) (g)	-83.6	-68.7	-77.8	-85.6	-118.9
Net Domestic Borrowings	46.3	29.8	-1.0	-6.5	79.5
Net Proceeds Inscribed Stock	11.0	14.1	-48.5	-41.2	47.7
Net Proceeds Treasury Bills	19.0	5.7	-	-	-8.0
Borrowings from BPNG	26.0	44.0	-	-	-
Uses of Cash Balances (h)	26.4	2.5	-	-	11.9
Other Domestic	-1.4	-1.4	-2.0	-2.0	-16.5
MRSF (net Drawdown)	-34.7	-35.1	49.5	36.7	44.4
<b>TOTAL FINANCING</b>	<b>30.2</b>	<b>31.1</b>	<b>36.1</b>	<b>3.4</b>	<b>62.7</b>
<b>TRANSACTIONS</b>					

- (a) Mainly dividend payment from the Bank of Papua New Guinea (includes sales of Equity).  
 (b) Includes net appropriations-in-aid (AIA) up until 1989. From 1990 onwards there is no AIA.  
 (c) Mostly the Australia Aid Payment.  
 (d) Covers all grants and transfers from the National Government.  
 (e) Principal repayments to Government from loans to statutory authorities etc not shown in receipts but netted out in expenditure category 'Net Lending and Investments'.  
 (f) Mainly grants to statutory institutions and general overheads.  
 (g) Includes Private Treaty Loans on Australian Register.  
 (h) Includes change in deposits of all the Government's trust fund accounts (excluding MRSF).  
 (p) Provisional

Source: Bank of Papua New Guinea, Quarterly Economic Bulletin, December 1990.

they took place is a worrying sign of loss of control over public expenditure. Discipline over spending decisions continues to be important, even after the passing of the initial crisis. A different lesson from the 1990 experience is that it is not possible to rely simply on additional external assistance to sustain foreign exchange reserves in a short-term crisis. The major damage to the Papua New Guinea economy from BCL's closure and lower commodity prices meant that Papua New Guinea was eligible for balance of payments support, by drawing on IMF standby facilities or CCFF and Stabex funds from the European Community to compensate for short-term loss of export income, or from fast-disbursing programme loans such as a Structural Adjustment Loan from the World Bank or programme aid from bilateral donors. However, most of such assistance only becomes available after the IMF and other aid agencies are satisfied the government has taken responsible and decisive steps to adjust domestic macro-economic policies. As noted above, the Papua New Guinea government did take such measures in January 1990. While advice from the World Bank and the IMF was available, the adjustment package was designed by Papua New Guinea policy makers rather than imposed by any outside agency.

Once the Papua New Guinea government announced and began to implement its adjustment measures, donor response was favourable. An agreement on a standby facility with the IMF was reached in April 1990, to support Papua New Guinea's macro-economic strategy in addition to a K54 million drawing from the IMF CCFF. At the donor consortium meeting in May 1991, there were additional commitments of assistance from most donors, but the time lag involved in drawing on these commitments meant that they played little part in counteracting the short-term crisis of early 1990.

The CCFF from the IMF became available only in May 1990, after the reserves situation had stabilized. Since reserves have risen subsequently, there have been no drawings from the IMF standby-facility. The K50 million Structural Adjustment Loan from the World Bank was agreed in principle by May 1990, but the first drawing of K25 million was not made until late 1990. As shown in Table 3, there was an increase in foreign grants in 1990, to K222.5 million compared to K187.5 million in 1989. This increase included a supplementary grant from the EC. However, once allowance is made for the 10 per

cent devaluation of the kina, the grants available in foreign exchange terms increased by only 8 per cent from their 1989 level. The net loans from international agencies during 1990 were below the level expected in the original 1990 budget.

Accordingly, the actual drawdown of additional assistance in 1990 was quite small; the Papua New Guinea economy was essentially adjusted from within, rather than 'rescued' by outside agencies. However, the potential availability of the IMF standby facility, to bolster foreign exchange reserves if necessary, did help sustain confidence in Papua New Guinea's capacity to meet its foreign exchange obligations and reduced the risk of capital flight, thus easing the domestic adjustment task. Moreover, the additional commitments of support elicited by the crisis and the Government's prompt reaction to it, will be useful in augmenting Papua New Guinea's resources as they are gradually drawn upon in the coming years.

The experience of the past two years has also illustrated the importance of Papua New Guinea's stabilization mechanisms; the existence of the Mineral Resources Stabilisation Fund (MRSF) meant that budgetary resources were not immediately reduced by the loss of payments to government from BCL, equivalent to about 16 per cent of recent total revenues. Mineral prices were relatively high in the late 1980s, boosting BCL's profitability. A substantial part of the correspondingly increased public revenue was accumulated in the MRSF, rather than spent immediately. The fund's balance rose from K65 million at the end of 1987 to K100 million by end 1988. The balance rose further to K135 million by end 1989, despite the interruption to operations in May 1989, since tax revenues for 1989 related to 1988 performance. The accumulation of savings in those years meant that K50 million mineral-related income could be drawn into the budget, during 1990, leaving K90 million in the MRSF at the end of the year. In the absence of such a stabilization mechanism, the government would have had to have faced up to a fall in mineral sector revenues from K110 million in 1989 to zero in 1990.

The agricultural commodity price stabilization funds also played a helpful role in smoothing the otherwise precipitous fall in prices to producers, before they were exhausted. Recent experience shows that the balances which had been accumulated in these funds were certainly not excessive (as suggested by Jarrett and Anderson (1989) and by

Jolly *et al.* (1990)). The problem was that the formulae for setting bounties should have been reviewed in the light of price trends through the 1980s. A formula which limited the share of accumulated funds which could be released in any one year (as suggested by Jolly *et al.* (1990)) would have prevented the funds from being exhausted as rapidly as they were, reducing the need for loans from the budget to avoid an unmanageable fall in producer incomes from 1989 to 1990.

The 1990 experience also showed that devaluation combined with wage restraint can achieve a useful gain in competitiveness, albeit at the cost of higher inflation. As discussed in more detail in Elek (1991), the exchange rate change added about 5 per cent to the increase in the CPI during 1990, but led to a lowering of real wage costs by 3.5 to 4 per cent. However, this does not mean that the experience could be repeated in 1991. The agreement on additional wage restraint with public servants was allowed to lapse from early 1991, so that all wages will be fully indexed up to a maximum of 6 per cent per year. Under these circumstances, further significant reductions in real labour costs could only be achieved by locking Papua New Guinea into a very high rate of inflation.

The MWB arrangements will be revised from the beginning of 1992. The Board will begin its deliberations in late 1991, at the same time as the economy is likely to regain its momentum. It will not be easy to reach agreement on arrangements which can hold nominal wage increases substantially below the rate of inflation. In such circumstances, there would be a considerable risk that any further devaluation would lead to accelerating inflation, rather than sustained improvements in competitiveness. The recent relaxation of wage restraint, and the unplanned increase in public expenditures in late 1991, indicate that restraints which can be imposed in a crisis atmosphere are difficult to sustain once the economy stabilizes and growth resumes.

The expected resumption of economic growth during the first half of 1991 also indicates that the national economy as a whole has become considerably less dependent on any single natural resource based project. This will certainly be an important factor underlying future negotiations between central government, provincial government and landowners - not only regarding the future of the North Solomons

and BCL, but also regarding the sharing of benefits from other major projects.

### **Medium-term prospects**

The balance of payments is expected to be manageable during 1991. Non-mineral exports are expected to stabilize since world agricultural commodity prices are not expected to fall further and there may be a gradual resumption of exports of cocoa and copra from the North Solomons. Mineral exports will increase considerably as 1991 will be the first full year of production from the Porgera mine, whose performance has exceeded expectations to date. There will be a substantial increase in imports associated with continuing construction of the Kutubu oil project. However, these increased imports will be financed almost entirely by additional inflows of foreign capital. General imports will continue to be below trend due to the depressed level of economic activity in the non-mining sector.

The cumulative fall in GDP during 1989 and 1990 of around 5-6 per cent was about twice as great as originally estimated. Therefore, domestic tax revenues were running below expectations during the last part of 1990 and early 1991. In view of additional expenditure commitments made in early 1991, the government faces a difficult fiscal situation for 1991. However, the revenue situation should improve considerably in 1992 as the level of activity recovers, largely due to intensive construction activity in the mineral sector. There are early indications, from April 1991, of a recovery in tax collections and the economy should recover to its 1989 level by the end of this year.

The prospects for GDP growth from 1992 onward now look quite promising as the Porgera mine reaches its full volume of production and oil production from Kutubu commences and production continues at Ok Tedi and Misima. There are also some prospects for further oil and mineral developments later in the decade. These projects will lead to substantially increased exports and government revenues by the mid 1990s, but they will not, in themselves, provide significant employment opportunities for the rapidly growing workforce.

The challenge facing the Papua New Guinea government is to use the opportunity provided by these expected additional resources to



broaden the base of economic growth, as well as to reduce further Papua New Guinea's dependence on aid. The medium-term economic outlook depends largely on how the additional resources are spent by the government and on the indirect effects of such additional expenditure on the non-mining sectors of the economy. Most of Papua New Guinea's population live in rural areas and improvements in their living standards depend on their progressively greater and more productive involvement in agriculture. A low level of education and a poorly developed transport network are important obstacles to rural development. Weaknesses in health care and in agricultural research and extension efforts also hinder improvements in productivity.

The importance of improving physical and social infrastructure is illustrated by the different levels of engagement in agriculture in different parts of Papua New Guinea. Areas such as East New Britain and the North Solomons before the 1989 crisis had the greatest engagement in agriculture and relatively high incomes compared to the rest of the country. An important prerequisite to more effective involvement of other areas in productive agricultural activities leading to higher incomes will be to improve standards of education, health and transport links nationwide.

If the additional public resources which are expected to be generated by the major resource-based projects are invested in improving the coverage and quality of rural infrastructure, then the foundations of broader-based growth can be greatly improved during the 1990s. Agricultural production capacity can be boosted by improving the skill base, health standards and access to markets. The consequent increases in agricultural incomes will then generate demand for manufacturing and service sector activities, making them gradually less dependent on servicing the public sector and mineral projects.

Such a positive sequence will eventuate only if the additional revenues are invested in improving infrastructure. If additional revenues are simply used to increase the size of administration, or to boost public service salaries, or to build prestige projects, then the opportunity provided by additional revenues could be largely wasted. There have been examples of considerable waste in several developing countries which have experienced a mineral boom and some of the temptations will be difficult to avoid.

Allowing public sector salaries to increase in real terms as new revenues become available would have a doubly negative effect. There would be fewer resources available for investment. Moreover, since the Government is the largest employer, higher public salaries would spill over to all other sectors, making the non-mining sector, agriculture and manufacturing less competitive. Conversely, if there is wage restraint in the public sector, there will be a lower risk of upward pressure on the wage and cost structure in the rest of the economy.

In addition to ensuring that additional government resources are channelled into investment in better physical and social infrastructure, Papua New Guinea policy makers face a further challenge. There is a risk that the additional demand placed on the economy by expanded public expenditure in the 1990s could raise the costs facing the non-mining sectors of the economy. If that happened, it would weaken considerably the supply response of the rural population to improvements in rural infrastructure. There would be less incentive to take advantage of their improved productive potential.

The prospects for enhancing the capacity for faster agricultural development, while avoiding serious adverse effects on the price and cost structure, depend considerably on the rate at which additional public sector demand is injected into the economy. If government revenues increased by K100 million per year from 1993 to 1995, and the government spent all of this additional revenue on improving infrastructure as soon as the revenue became available, then it would be difficult to avoid substantial increases in prices; the capacity of the economy to supply additional construction and other services and products would be considerably overstretched.

The experience of most developing countries which gain access to sizeable additional resources in a short period indicates the risk of cost and price distortions is very high. But there are policy options for minimizing such adverse effects in Papua New Guinea.

One important policy option is to avoid sudden large increases of demand by phasing in increases in public sector expenditure gradually, allowing time for the private sector to increase its capacity to meet the expected growth in demand. Papua New Guinea already has a mechanism which can achieve this.

Additional income to the government from mineral projects flows into the MRSF, rather than directly to the budget. The government can

allow the MRSF to accumulate some of the initial large increases in income expected in the coming years, while increasing public expenditure at a rate which allows suppliers time to build up supply capacity to meet the expected growth in demand. To make this possible, the government will need to make careful predictions of the likely growth in revenue flowing to the MRSF and sound judgements about the pace at which this should be used to boost budget expenditures. Sound planning of the nature and sequence of increased expenditures will be needed so that the private sector can be made aware of the size, composition and timing of the additional demand which will be created.

The upward pressure on prices generated by increased demand can also be reduced by ensuring maximum scope for competition in responding to demand growth. The potential for price increases can be limited by ensuring that existing domestic suppliers face competition from imports or from potential new entrants. For example, ensuring that international as well as domestically-based firms can bid for public construction contracts will help limit increases in construction costs.

More broadly, exposing domestic suppliers of all goods and services to competition from imports will be important in minimizing inflationary effects of growing demand. For products which can be directly supplied from imports, there should be no price inflation, provided artificial barriers to trade are avoided. However, for almost all goods and services, costs depend to some extent on the price of goods and services which can only be supplied from domestic sources (non-tradeables). These include land, labour, electric power, water supplies, freight handling. Excess demand for these can raise costs and prices considerably and it will be very difficult to avoid bottlenecks leading to upward price pressures.

Additional demand for unskilled labour will not cause a problem as there is no shortage of such labour in Papua New Guinea. On the other hand, skilled labour is in extremely short supply. Even if skilled salary levels rose sharply, the supply of domestic skills could not be increased quickly in the short term. At the same time, a rapid rise in salary levels for skilled workers would increase the political pressure for raising unskilled wages, even though such labour is relatively abundant. To ease skills constraints and to improve the ability of the economy to respond to rising demand, it will be important to allow

firms and government agencies to import skilled workers from overseas.

Faster growth of public expenditure will also increase demand for residential and industrial land. Such land is in short supply in Papua New Guinea due to political, regulatory and sociological constraints and escalating prices of urban land could raise the cost structure for all other industries. With careful planning, it should be possible to increase the capacity to supply power, water, sewerage and communications facilities in line with expected demand. However, lead times are long and it will be difficult to avoid costly shortages of these essential facilities during the next few years.

For all of these reasons, the danger of inflationary pressures raising costs for the non-mining sector of Papua New Guinea will be considerable as additional mineral resources become available. It will be impossible to avoid such pressures entirely, but a careful phasing of public expenditure growth and ensuring competition wherever possible can help minimize these side effects.

If such policies are adopted and additional resources are invested in essential infrastructure, the benefits of the additional resources can outweigh the adverse side-effects, building the foundations for broader-based growth by the end of the 1990s.

## **Conclusion**

The economy of Bougainville has been very seriously damaged by recent events. Agricultural output is likely to begin to recover as communications links are restored, but the provincial economy will not be able to recover to anything like its previous state without the resumption of mining operations at Panguna - a prospect which is currently not in sight.

There has also been damage at the national level, with a 5-6 per cent cumulative fall in GDP in 1989 and 1990. However, the national economy has proven more resilient. A balance of payments crisis has been avoided by a combination of prompt macro-economic policy adjustments and the automatic self-adjustment of domestic demand to the reduced purchasing power of Papua New Guinea's export industries.

The experience of 1989 and 1990 has confirmed the capacity of Papua New Guinea's economic policy makers to react decisively to changing circumstances: if anything, the policy adjustments were in excess of what was required to stabilize the balance of payments. The experience has also shown that restraint of public expenditure and of real wages are very hard to sustain, except in an atmosphere of crisis.

Economic growth appears set to recommence, possibly at a rate exceeding 5 per cent per year from 1991, due to the expansion of activity in the rest of the mining and petroleum sector. While a reopening of the Panguna mine would be a welcome boost, Papua New Guinea's economic growth prospects no longer depend heavily on that project. Provided that production continues at Ok Tedi and Misima and the Porgera gold and Kutubu oil projects are completed as expected, the main challenge for Papua New Guinea's economic management during the 1990s will be to deploy additional resources from these projects to broaden the base of economic growth. The medium-term economic outlook depends on how effectively additional public resources can be invested in to improve physical and social infrastructure, while limiting the potential adverse effects of increased public expenditure on Papua New Guinea's cost structure.

## CHAPTER 7

# BOUGAINVILLE - THE FUTURE FOR THE MINING OPERATION

**D.S. Carruthers**

It is my contention that Papua New Guinea has been struggling with a crisis on Bougainville which is more severe than anything Australia has had to contend with in its 200 years of history, with the exception of the Pacific War - and in that situation Australian territory was barely involved, whereas in the case of the Bougainville crisis Papua New Guinea territory has been very much involved. The severity of the problems which this has created for the government of Papua New Guinea is something that I think Australians in particular should appreciate.

In such a situation it is natural that there has been much looking backwards, much hand wringing and much agonizing over what happened and why. I think the time has come now to look forward.

There are major issues of politics and relationships within Bougainville and between Bougainvilleans and the rest of Papua New Guinea to be resolved. For the future stability, integrity and economic security of the nation, these are the matters which must have highest priority. When this process of resolution has advanced to a certain stage, no doubt the future of the Panguna mine will become a major issue. In this regard, there will be two fundamental questions to be answered:

- do people want the mining operation to be re-established?
- if so, under what conditions?

The two questions are likely, of course, to become inextricably intertwined; but before they are, I would like to deal with each separately.

### **Do people want mining?**

Before the first question can be satisfactorily answered, it seems to me that there must be a mechanism by which people's views can be gathered and expressed. This presumably will involve some process of selection of representative leaders who might hope to reach a consensus view. Such a process and outcome will in any case presumably be required for many of the province's problems to be addressed.

The emphasis will be on Bougainvilleans being able to agree among themselves what they want. This will mean people being able to make a free choice, which many of them have not been able to do over the last eighteen months. This in turn will mean that the guns, and the threat of future use of guns, will need to be put away.

When people are addressing the first question, they will to some extent be asking themselves what level of economic activity, infrastructure and services they want. Before the crisis the North Solomons was the most prosperous province next to the National Capital District. While much of the economic activity was concentrated in the area most influenced by the mine, nevertheless there was a better than average road and communications system, better than average education and health facilities, and a provincial government system that worked much better than most. These things cost money, and it will be difficult to re-establish and maintain the earlier standards achieved without income from mining.

Some people have been quoted as saying that they would prefer to return to a more traditional way of life, and to do without the social disruption that came in the wake of the mining activity. They should, however, realize that a more traditional existence places limitations on what can be afforded by way of transport, communications, education, health and job opportunities. Throughout Papua New Guinea these are the things that most people seem to be saying they want and expect from the system of nationhood. The provision of these facilities, and the economic activity which is necessary to fund them, are disruptive of traditional lifestyle, so to a degree a choice has to be made.

These are some of the issues which will need to be debated and clarified once people are free to do so, and once a mechanism for doing so has been restored. Early in the debate about whether people want

mining operations to resume, we expect the question 'under what conditions?' to become prominent.

### **Under what conditions?**

There will be a number of issues within this question. It seems to me that the most fundamental or important will be:

- political governance
- ownership and control
- cost of re-establishing production
- method of operation
- taxation regime
- division of the income.

### **Political governance**

In relation to political governance, I am assuming that North Solomons will remain part of Papua New Guinea, and that mining will still be a responsibility of the national government. I am also assuming that the Bougainville Copper Agreement, under which the mining company has operated to date, will be replaced by a mining development contract of the kind which governs the activities of recently established mining operations. These are the only assumptions the company can sensibly make at this stage. Companies can operate only under the mandate and control of properly constituted governments. The question of the political governance of Bougainville must be decided by Papua New Guineans. The company can only be a by-stander in this issue. If the assumption about which government will be in charge is incorrect, it will be a different ball game, but most of the other issues within the question 'under what conditions?' will still be relevant.

It should also be noted at this time that no single district is likely to run the whole island. Since the withdrawal of national government presence last year, the Kieta district has tended to call the shots, unfortunately rather literally. The people nominally in charge, however, have been unable to establish a satisfactory system of administration, or a satisfactory means by which people generally could express their views, or to prevent the widespread destruction of facilities which could be of value to the province. Presumably people in other districts will want more say in how things are done in the future.



## **Ownership and control**

Views have been expressed by some that it would be undesirable for CRA to retain its interest in and control of BCL, and that a simple solution to the issue about division of income would be to divide CRA's interest up between Bougainvilleans and a new investor/manager. These views appear to have their origin in a belief that the problem in Bougainville was caused by insensitive management on CRA's part.

I will not go into a lengthy defense of CRA's position (which would in any case start with CRA offering the administration, on behalf of a future Papua New Guinea government, a 20 per cent interest in the company on more favourable terms than CRA would earn its own interest - a voluntary offer which has never been matched anywhere before or since). I shall simply say that many people who were in a position to observe events in Bougainville over the period 1964 to 1989 have a different understanding of the problem. Of course there were things that the company could have done better, but who ever gets a one hundred per cent score? A better question is what were the relative performances of all those with a part and a stake in matters concerning the mining operation?

Besides, criticism of the company has come mainly from people who have never built or developed anything; and some of them have demonstrated, in fact, that their principal talent is destruction.

CRA has made its position clear. Its intention is to continue with its interest in BCL and see profitable operations restored. If, however, divestment of the CRA interest becomes necessary for a political solution in Bougainville to be achieved, then it will be prepared to divest, provided that it is satisfactorily compensated for the loss of its investment, and that the public shareholders are not disadvantaged.

The most important issue about ownership and control will be competence. Obviously there are other mining companies which would be competent to run Bougainville Copper. But if the ownership is rearranged in such a way that a competent operator cannot exercise effective control, then efficient operation is unlikely to be possible, and the mine, instead of being a producer of wealth, is likely to become a

consumer of wealth, as has happened in so many other developing countries.

### **Cost of re-establishing production**

Considerable damage has been done to company facilities by militants. The full extent of the damage is not yet known, but we have heard of widespread destruction of accommodation, office and service buildings. BCL has estimated that the cost of re-establishing production is likely to be in the range K250-350 million if operations recommence in 1992, provided that there is no major damage to production facilities (as distinct from accommodation and offices). This money will be required for recruitment and training of the workforce, restoration of facilities, recommissioning or replacement of mine assets, and re-establishment of working capital.

If and when safe access to the facilities can be regained, the first thing will be to carry out a more reliable estimate of the cost of restoration. Whatever the final estimate, the money will not be easy to raise. The perception of investors will be that the political risks in Bougainville will, at least for some time, be much greater than they are elsewhere in Papua New Guinea. This is a direct legacy of the activities of the militants, and it remains to be seen whether the money can be raised at all.

### **Method of operation**

Panguna is a low grade orebody. We estimate that there remains to be mined and processed some 700 million tonnes averaging 0.40 per cent copper, 0.47 grams/tonne gold, together with some even lower-grade material. By comparison, when the operation was originally established, it was done on the basis of a defined ore reserve of more than 900 million tonnes averaging 0.48 per cent copper, 0.54 grams/tonne gold, and production in the first seven years averaged 0.66 per cent copper, 0.89 grams/tonne gold — i.e. two thirds higher than the grades that now remain to be mined.

Clearly, with the low grade of the remaining ore, and the huge cost of reestablishing production, there will need to be changes in the method of operation. Previously BCL employed up to 4000 people. It will no longer be able to do so. We estimate that the operation could be

run by perhaps 2500 people. Substantial towns were built at Arawa and Panguna to house the workforce. The company will not be able to provide the degree of support for both Arawa and Panguna that it did before - a more modest establishment will be required. Later mining operations are to some extent using a fly-in/fly-out system to minimize the amount of infrastructure that needs to be built at the mine site. BCL will have to consider such an approach in order to minimize the cost of reestablishing the operation. Interestingly, such a system could also minimize the impact of expatriates and non-Bougainvillean nationals, which became a bone of contention with Bougainvilleans, so it may serve two purposes.

The old BCL was a benevolent employer, as most of our ex-employees have since discovered. It may have to be less benevolent in the future, no matter who is the operator. A potential danger to the viability of a future operation will be the expectations of local people about special deals on business opportunities and employment. It has become a well-established principle in recent mining development contracts that preference will be given in these areas to local and provincial inhabitants. This is accepted; but an important qualification is competitiveness. To the extent that the principle of preference is interpreted as some sort of free ride or subsidy for local people, the efficiency and therefore viability of any operation will be adversely affected.

### **Taxation regime**

The taxation regime which applies to a re-established operation will clearly be a major determinant of whether it will be economic to resume production. This will be a matter for negotiation with the authorities. It needs to be understood, however, that there has already been substantial destruction of wealth. The flow of money cannot simply resume where it left off. It will probably take of the order of four years or more after the start of restoration work, before any surplus will be generated that could be taxed.

The contribution of BCL to the Papua New Guinea economy went on long after the closure of the mine. Between May 1989, when the mine closed, and March 1990, by which time nearly all of our employees had been retrenched, BCL paid K105 million in taxes on 1988 income, and another K85 million in wages, termination payments, national superannuation, and for locally-purchased contracts

and supplies. It is little wonder, then, that the full effects of the closure of the mine on the Papua New Guinea economy were not felt until towards the middle of last year. The company met all of its commitments to government, employees and suppliers, but was almost bankrupted in the process. This is in contrast to some other employers, who simply abandoned their employees on Bougainville.

On any resumption of operations, benefits will start to flow again to the economy through employment and purchasing, but it will be some years before anything will be available for taxes.

### Division of the income

This brings us to probably the most contentious issue - how will the income from a resumed operation be divided? It was an issue during most of the first seventeen years of operation, and was a central issue in the emergence of the crisis in 1988.

As has been well publicized, the relative shares of the surplus generated by the mining operation from 1972 to 1989 were:-

	Per cent
National government	61.5
Provincial government	4.3
Landholders	1.4
Non-government shareholders	<u>32.8</u>
Total	<u>100.0</u>

There is no objective measure of what would constitute a 'better' sharing of the income. Certainly by most standards around the world the total share going to the two governments must be considered extremely generous. Whether the sharing *between* the two governments was equitable is a matter for Papua New Guineans. It is worth remembering, however, that when the Bougainville Copper arrangements were put in place, Panguna was the only large-scale resource project in the country. With other projects now operating and being brought on stream, it may be easier for the national government to contemplate a larger share remaining with the provincial government.

Clearly the landholders will want more, since this was one of the issues over which the crisis erupted. It was, however, not the only issue. Another was internal disagreements about how the compensation

already being paid should be distributed among themselves. It will be critical to any future operation that the landholders settle their own internal differences. In the past when the company had a reasonably united group to negotiate with, it generally responded to landholder demands. But when landholders were disunited and competing among themselves, the company found it very difficult to understand what it should be doing, and this certainly characterized the situation in 1988.

Finally, there are the non-government shareholders. It is deceptively simple for people to think in terms of the company being the great provider and paying everyone else what they want. Whether the mine ever reopens will depend, among other things, on the perception of the shareholders about what return they are likely to receive on their investment. It would be counterproductive if the various competing demands made it uneconomic to resume operations at all.

Everyone involved, or likely to be involved, should clearly understand this point. On the one hand, landholders, the people of Bougainville, and the governments will need to be satisfied about what they would get out of a resumption of operations before production could resume. On the other hand, resumption of operations also requires a positive investment decision. Whoever the potential investors are, before they put up the money, they need to be confident, not only about the return they would get, but also that any arrangements made will endure.

## **Conclusion**

Whether mining operations resume on Bougainville will be for a number of parties to decide - not least Bougainvilleans. If the people of the island, or more particularly of the immediate mine area, do not want mining to resume, then it is difficult to envisage how it could. Without mining operations, however, the task of restoring infrastructure, services and economic activity in the North Solomons will be very much more difficult, and the province will have to be content with a lower level of income and government revenue than before. It will be of paramount importance, therefore, that Bougainvilleans sort out among themselves what sort of future they want. It also needs to be realized that much wealth has been destroyed, and that a resumed

mining operation will not be able to provide for all stakeholders on the same scale as it did before. That having been said, however, we still believe that it will be better from everyone's point of view for the operations to be restored. For this to happen, everyone involved will need to be pulling in the same direction.

## CHAPTER 8

# THE NON-REVIEW OF THE BOUGAINVILLE COPPER AGREEMENT

Terence Wesley-Smith

The renegotiated Bougainville Copper Agreement requires the parties to meet every seven years to consider whether the agreement is 'operating fairly to each of them', and to discuss any apparent problems.<sup>1</sup> The first review commenced more-or-less on schedule in 1981, but soon fell into disarray. The 1988 review never even got under way. As James Griffin (1990a:62) notes, the failure of the review process 'has never been satisfactorily explained', although elsewhere he offers some interpretive comments of his own (Griffin 1990b:11-12). This paper will provide a more thorough discussion of the circumstances surrounding the reviews.<sup>2</sup>

The non-review of the Bougainville Copper Agreement has assumed a certain significance in the debate about the origins of the current Bougainville crisis. For example, Griffin has described the reviews as lost opportunities 'to forestall grave discontent' (Griffin 1990a:62). Representatives of the two parties to the agreement, the national government and Bougainville Copper Limited, as well as of the North Solomons Provincial Government, seem to agree that things might have been different if the reviews had been completed -- and have been quick to blame each other for frustrating the process (Griffin 1990a; Hannett 1989; Momis 1989).

The evidence suggests, however, that the 1981 review could not have forestalled the 'grave discontent' that moved some Nasioi landowners to violence in late 1988, simply because their specific

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1 The Bougainville Copper Agreement was signed on 6 June 1967 and revised on 21 November 1974. Both agreements were approved and implemented by acts of parliament, viz the *Mining (Bougainville Copper Agreement) Act 1967*, and the *Mining (Bougainville Copper Agreement) Act 1974*.

2 This paper is based in part on research conducted in the North Solomons Province in 1984.

concerns were not high on anybody's agenda. Indeed, agreement on the central issue in the talks, further mining on Bougainville, could only have increased the disquiet about environmental degradation, social disruption, and economic exploitation that appears to have triggered the current crisis (see Connell 1990). By 1988, landowner dissatisfaction with existing conditions had intensified. It is not at all clear how this might have been reconciled with renewed attempts to expand mining in the province. This analysis of the non-review of the Bougainville Copper Agreement will identify the major issues associated with mining in Bougainville in the 1980s, as well as some political and economic tensions that have contributed to the present crisis.

### **Into the 1980s with Bougainville Copper Limited**

The principals of Bougainville Copper Limited, and its parent company, Conzinc Riotinto of Australia, strongly resisted the 1974 renegotiation of the Bougainville Copper Agreement.<sup>3</sup> Nevertheless, by the end of the 1970s the company was well established as an efficient, low-cost copper and gold producer, financially sound, and consistently producing adequate returns for its shareholders.

In September 1980, the company's general manager produced a list of sixteen items for discussion in the scheduled 1981 review of the Bougainville Copper Agreement (P. Quodling to Secretary, Department of Minerals and Energy 23 September 1980). Most were peripheral in nature, involving the provision of mine-related infrastructure and services, and marginal changes to the system or taxation. However, three issues were of central concern to the company at the beginning of the new decade. By far the most important was further exploration in the province.

In April 1971, the colonial administration gazetted a *Notice of Commencement* banning further mineral exploration in Bougainville 'for the purpose of protecting native customary rights in relation to

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<sup>3</sup> They had good reason to do so, since the new tax arrangements meant a diversion to the national government of some K65 million in 1974 alone, and a projected loss of several hundred million kina in potential profits over the life of the mine (Garnaut 1981:193-97; Mikesell 1974:127-32).



land'.<sup>4</sup> In addition, Clause 4 of the renegotiated Bougainville Copper Agreement prevents the company from developing the Mainoki and Karato areas 'until such time as the Government in its absolute discretion' decides that work can proceed there. These areas contained the most promising known mineralizations within range of the existing mine infrastructure, and state officials wanted to have the option of setting new terms for the development of a second mine.

These restrictions did not seriously threaten Bougainville Copper's financial performance for some years after production commenced in 1972. The highest grade ore inside the special mining lease was deliberately extracted first, and ore grades tended to decline as mining moved outwards from the centre of the pit, and deeper into the ground. The effects of declining ore grades (and ore that was getting harder and taking longer to crush) were successfully offset by progressively increasing the volume of ore processed. But by the early 1980s the technical and economic limits of applying this strategy to a wasting asset were apparent.<sup>5</sup> The need to locate and exploit new reserves of ore became even more urgent when the ratio of gold to copper in the recovered ore fell unexpectedly in 1980.<sup>6</sup> It is therefore not surprising that in 1981 the company wished to discuss the terms under which the exploration of Mainoki-Karato might proceed.

The company was also concerned about the effects of rising operating costs on profitability. In particular, officials were actively seeking ways to reduce energy costs, which accounted for some 25 per cent of the total (*Bougainville Copper Limited Annual Report 1981*).

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4 Of course, by that time sufficient land had been made available to the company (with scant regard to 'native customary rights') to allow the mine to go into production almost exactly a year later (Bedford and Mamak 1977).

5 Ore crushing capacity effectively set the technical upper limits on throughput rates. The mine opened in 1972 with nine ball mills in the fine crushing plant, and closed in 1989 shortly after the fifteenth ball mill was commissioned. Additional ball mills required significant capital expenditures, which had to be amortized over shorter and shorter periods as the orebody approached exhaustion.

6 Because of its price performance relative to that of copper, gold became an increasingly important source of revenue during the 1970s. By 1980 it was contributing more than 40 per cent of concentrate sales (*Bougainville Copper Annual Reports*).

The obvious way to do this was by substituting cheap hydroelectricity for the power produced by the company's oilfired generators at Loloho. Indeed, a suitable site for such a facility had been identified on the Luluai River in southeast Bougainville as early as 1966. Nevertheless, the company did not raise the issue of hydropower directly in its sixteen-point agenda for the 1981 review, instead making a rather vague reference to the need for energy conservation. This reflected the fact that several state agencies had taken an active interest in the Luluai project, and the company was quite willing to let them take the lead — and bear the associated risks (Papua New Guinea 1984).<sup>7</sup>

The third issue of particular concern to the company was the role of the North Solomons Provincial Government, which was aggressively exploring ways to increase its share of revenue from the existing mine, and to participate in further mining. Indeed, provincial and company officials had been discussing issues of mutual concern, including further exploration, for some time. In March 1981 the company proposed, among other things, that the two form an 'exploration partnership' to investigate the Mainoki-Karato anomalies (P. Quodling to L. Hannett 4 March 1981).<sup>8</sup>

These negotiations reflected a pragmatic need to keep on good terms with the provincial government. In particular, management believed that provincial government support was a necessary condition for the early resumption of exploration in the province, and for the development of Luluai. It was in this context, then, that Bougainville Copper Limited sought to involve the provincial government in the 1981 review, and requested clarification of the company's responsibilities at the national and provincial level (P. Quodling to Secretary, Department of Minerals and Energy 1 August 1980, 23 September 1980).

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<sup>7</sup> It is interesting to note that the Bougainville Copper Agreement clearly puts the onus on the company to develop such a facility.

<sup>8</sup> This was intended to be a vehicle to 'establish an exploration precedent', and provide a means for the provincial government to obtain the equity holding in Bougainville Copper Limited that it sought.

### **The national government's response**

The essential features of Papua New Guinea's minerals development policy were well established by the end of the 1970s. Large-scale mining projects were to be welcomed primarily for their potential contribution to government revenues, and this contribution was to be maximized through the application of a sophisticated, profit-based tax regime.

The state reserved the right to intervene in order to maximize the linkages between a mining enclave and the local economy, or to minimize negative social and environmental impacts. However, there were few such interventions in Bougainville after 1974 and, as an official of the Department of Minerals and Energy put it in 1983, 'Mining has ... mainly taken place with the goal of maximizing profits' (Papua New Guinea 1983:2).

Senior officials in the state bureaucracy shared Bougainville Copper Limited's concern about the threat to profitability (and to tax revenue) posed by the combination of declining ore grades and rising operating costs at the Panguna mine. They were also sympathetic to the company's proposed solutions to the problems. In 1979, the Department of Minerals and Energy prepared an information paper for cabinet 'to highlight the need for the lifting of the moratorium on mineral exploration on Bougainville and Buka Islands'. It recommended that Bougainville Copper Limited be permitted to resume exploration activities within its prospecting authorities, and that the mineral potential of the rest of the province be investigated by the Papua New Guinea Geological Survey. In addition, the paper proposed a full and immediate investigation of the feasibility of the Lualai hydro project (Papua New Guinea 1979).

This basic community of interests with the mining company, as well as the increasing demands of the Ok Tedi mining project, may help to explain why the national government apparently did not give the 1981 review of the Bougainville Copper Agreement a high priority. It was not until September 1981, a full year after the company's agenda was revealed, that the national government produced a list of its additional concerns (N. Agonia to P. Quodling 8 September 1981). Predictably, no radical departures from existing arrangements were

foreshadowed. Most of the items involved fine-tuning the tax regime, and improving government's ability to monitor company activities.<sup>9</sup>

Potentially more significant, although not unexpected, was the formal introduction of the Luluai hydro project to the agenda. Government also expressed concern about the environmental implications of proposed new tailings leaching technologies,<sup>10</sup> and required the company to fund 'a prefeasibility study into the possibility of a copper smelter in Papua New Guinea'. Officials apparently felt obliged to raise the smelter issue at this juncture because the company was seeking approval to negotiate new long-term sales contracts. However, it was not an issue that seems to have generated any enthusiasm.<sup>11</sup>

The evidence suggests that, left to their own devices, state and mining company officials would have quickly settled their differences regarding taxation and the provision of services, and drawn up new agreements to develop further minerals and energy resources on Bougainville. But their freedom to do so was encumbered by the presence of other interested parties, particularly the North Solomons Provincial Government.

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<sup>9</sup> In the light of Father Momis's 1987 accusations of transfer pricing, it is interesting to note that Department of Finance officials had detected an increase in the amount Bougainville Copper was paying to affiliated companies for administrative and management services. However, the amount involved K3.223 million in 1980 compared to a previous high of K1.9 million, was still relatively small (Papua New Guinea 1981:11).

<sup>10</sup> Government decided not to raise existing environmental problems. Indeed, one official responded to the suggestion of a tailings pipeline that would bypass the heavily polluted Jaba river system with the question 'as the area is already a mess, what is gained?' (Papua New Guinea 1981).

<sup>11</sup> Previous studies had raised serious questions about the economic feasibility and environmental impact of a smelter (Mikesell 1975:128-130; Pratt 1981). Most important, Bougainville Copper Limited had made it quite clear that it considered the existing system of long-term contracts with overseas smelters the most profitable option, an argument that the government would have found extremely difficult to resist.

### **The role of the North Solomons Provincial Government**

The politics that culminated in the secessionist crisis of 1975-76 were largely about the distribution of state resources.<sup>12</sup> The first opportunity to continue the struggle with the national government was the scheduled 1978 review of the Bougainville Agreement, the accord which had ended the crisis. However, the review did not get underway until late 1979, and was effectively abandoned after the collapse of the Somare government in March 1980, and the electoral defeat of the first provincial premier, Alexis Sarei, shortly thereafter. The next opportunity came later in 1980 when, despite the urgings of the mining company, the national government decided not to allow the provincial government to participate on its own behalf in the upcoming review of the Bougainville Copper Agreement. It proposed instead to establish a 'joint position' with provincial government on mining issues prior to the review proper.

The new provincial premier, Leo Hannett, was particularly keen to rejoin the battle with the national government. He had fought unsuccessfully for additional financial concessions in the 1974 renegotiation of the Bougainville Copper Agreement, and again in the negotiations with national government that resulted in the Bougainville Agreement of 1976. More importantly, Hannett was involved in some significant changes in the structure of the provincial economy.

When the mining company first arrived in Bougainville in the 1960s, the 'modern' economy was small and tightly controlled by expatriates. Most Bougainvilleans participated only as contract labourers for foreign businesses, or as smallholders producing cash crops in conjunction with subsistence agriculture. These activities were based in, and posed little threat to, the 'traditional' village economy.

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<sup>12</sup> The renegotiated Bougainville Copper Agreement reinforced centripetal tendencies by directing almost all of the newly-won tax revenues to the national government. Although the national government subsequently agreed to the permanent transfer of mining royalties, and guaranteed an unconditional annual grant, the agreement itself gave the province only the Bougainville Non-Renewable Resource Fund, worth some K90,000 per annum, and control of the mining company's business advisory service (Ballard 1981:114).

They could be accomplished without fundamental changes to existing social and economic relations. Mining, on the other hand, precipitated more radical forms of change in Bougainville. In particular, it gave a significant number of Bougainvilleans the opportunity to participate fully in the new economy and, for the first time, raised the possibility of a thoroughgoing transformation of Melanesian economy and society (Wesley-Smith and Ogan 1992). Hannett was among those who quickly took advantage of the new possibilities.

Of the numerous local business ventures spawned by the mine, by far the most important was the Bougainville Development Corporation, a quasi-state enterprise established by Hannett and others in 1975.<sup>13</sup> The company concentrated initially on penetrating the industries servicing the mining project, and by the early 1980s was a multimillion kina operation involved in a wide variety of peripheral activities.<sup>14</sup> Furthermore, it was determined to move out of the shadow of foreign mining capital and into self-sustaining economic activities. In 1981, the Bougainville Development Corporation, with Premier Hannett as chairman, was poised to take 'a major qualitative leap' into plantation agriculture, hydropower generation, and mining (MacWilliams 1985:3).<sup>15</sup>

These economic circumstances were reflected in the provincial government's position on the 1981 review of the Bougainville Copper Agreement. There was the familiar attempt to capture a greater share of mining revenues for the province. Most significant in this respect were

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<sup>13</sup> Bougainville Copper Limited actively encouraged the development of local businesses through its Business Advisory Service and the Panguna Development Foundation.

<sup>14</sup> The company's interests included laundry; engineering; printing; catering and canteen services; liquor; hardware and timber retailing; vehicle repairs; polyurethane manufacturing; property rentals; and airline operations. Its most significant service venture was a limestone mining operation at Manetai that was largely financed by an overseas loan of \$US6.5 million (Bougainville Development Corporation Annual Reports).

<sup>15</sup> The company acquired the Sabah Plantation in a joint venture with Angco Pty Ltd in 1983, and built the Cocoa Inspection Depot at Buin in the same year. In 1984, it entered into a joint venture arrangement with S. and W. Berisford, a British company, to purchase two significant properties, Numa Numa and Bonis plantations.

demands for direct control of a proportion of tax revenues, an increase in the mineral royalties rate from 1.25 per cent to 5 per cent, and increased contributions to the Bougainville Non-Renewable Resources Fund.<sup>16</sup> In addition, however, the Hannett government sought increased involvement in activities that had largely been the preserve of outsiders. It demanded 'major' equity participation in Bougainville Copper Limited, the Luluai hydro project, and any new mining ventures in the province.

Provincial officials decided to use their de facto control over the exploration moratorium as the lever to extract these concessions. From the beginning, the provincial government made clear that its support for further mining was contingent on all of these demands being met (L. Hannett to N. Agonia, telex, 7 January 1981).

### Negotiations

The major disagreements in the 1981 review talks were clearly between the provincial and national governments. There were few substantial differences between the positions of the national government and Bougainville Copper Limited and, while the mining company appeared eager to accommodate provincial demands, national government officials were inclined to dismiss these demands out of hand. An official in the Department of Minerals and Energy later described provincial claims as 'radical by most standards', and provincial officials variously as stupid, irrational, and poor at negotiating (Papua New Guinea 1983:13). Premier Hannett was equally scathing about the 'un-enlightened bureaucrats' in the Department of Minerals and Energy (L. Hannett to J. Chan 15 September 1981).

Hannett described the 'dismal negative response' of the national government as reminiscent of the colonial era, 'where we were

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<sup>16</sup> The provincial government was advised by an overseas expert (who had participated in the 1974 renegotiation) that royalties had been left at a rate that was low by world standards largely because the proceeds were expected to go to the provincial government. The royalty proposal would have increased the provincial budget by up to 80 per cent. The Non-Renewable Resources Fund had been established with an annual levy on produced copper. Provincial officials wanted the fund expanded to include the other minerals produced at the mine.

hovering through fog and filthy air of..[a] master-slave relationship' (L. Hannett to J. Chan 15 September 1981). Certainly, the operators of the postcolonial state have shown little more enthusiasm than their colonial predecessors for the sort of aggressive business activity being pursued by Hannett and the Bougainville Development Corporation.<sup>17</sup> This largely reflects a perceived need to protect the privileged position of large foreign enterprises, whose tax contributions help sustain the state bureaucracy.<sup>18</sup> The 'un-enlightened bureaucrats' opposed the Hannett initiative, not only because it would deprive them of existing resources, but because it might create a less favourable climate for foreign investment in Papua New Guinea.

Nevertheless, national government officials recognized the credibility of the moratorium lever being applied by the provincial government, and in August 1981 announced a 'powerful' package of incentives designed to win support for further mining. Subject to the immediate resumption of exploration, the national government agreed to the requested restructuring of the Non-Renewable Resources Fund, and to hand over some 580,000 of its Bougainville Copper shares.<sup>19</sup> It also agreed to allow the provincial government to negotiate with Bougainville Copper Limited for up to 5 per cent equity in any new mining venture, and to take up to 20 per cent equity in the Luluai hydro project 'on a commercial basis'. Provincial demands for increased mineral royalties and a share of taxes were rejected outright. Instead, the national government proposed a special four-year 'development agreement' that would provide additional funding for specific development projects and services in the province (N. Agonia to L. Hannett 28 August 1981).

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<sup>17</sup> A more recent example of this protective attitude came in 1990 when the bureaucrats opposed a strong bid by a local company, Monticello Enterprises Proprietary, to build and operate the oil pipeline for the Kutubu project in the Southern Highlands (*Times of PNG* 19 July 1990).

<sup>18</sup> It may also reflect a longstanding fear of the social and political disruption that would accompany the rapid spread of capitalist relations of production in Papua New Guinea.

<sup>19</sup> This bundle of shares had been earmarked for the province in an earlier round of negotiations.



Rather than winning support for further minerals exploration, this offer provoked a thinly-veiled threat to disrupt the existing mining operation at Panguna. Premier Hannett told Prime Minister Chan that:

If the un-enlightened bureaucrats ... want a showdown and flexing of muscles to demonstrate who is the boss around here — that can be organized, but reason and respect for the office of Provincial Government forbids us to adopt that approach. But if we had to take that approach there won't be any turning back .... If we do take that line of action we would have to go the whole hog and force [the] Papua New Guinea economy to crawl on its belly (L. Hannett to J. Chan 15 September 1981).

Some two weeks later a 'flexing of muscles' was apparent as seven community governments and a Bougainville pressure group, the Mungkas Association, blocked access to the mine and forced operations to cease for four days.

Within three weeks of the mine blockade the national government's 'final position' of August 1981 had been supplemented by a Four Part Extra Funds Offer, with an increase in the value of the proposed development agreement as the most significant component (W. Korowi to L. Hannett 23 November 1981). However, the new package still fell far short of meeting provincial demands. In early 1982, provincial officials indicated that they were prepared to concede their tax and royalty demands if the development agreement was expanded to yield an equivalent amount of revenue (M. Ogie to W. Korowi 16 February 1982).<sup>20</sup>

In May 1982, the National Executive Council dismissed these terms and called a halt to discussions until 'acceptable preconditions' for fresh talks could be established. No further progress was made before the general elections of June 1982, which put the Chan government out of office. This effectively terminated the discussions associated with the 1981 review of the Bougainville Copper Agreement. Indeed, Bougainville Copper Limited had withdrawn from the talks shortly after the October 1981 blockade of the mine in the vain

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<sup>20</sup> The new offer represented only about 10 per cent of the target amount.

hope that the national and provincial governments could settle their differences (Papua New Guinea 1983:11).

### **Circumventing the bureaucrats**

Hannett's accusation that the National Executive Council acted merely as a 'political rubber stamp' during most of the 1981 review debacle may have some merit (L. Hannett to J. Chan 15 September 1981). A Department of Minerals and Energy official noted in 1983 that while 'some policy guidance' in these matters tends to come from political leaders, 'the enunciation of policy options rests largely with the Departments' (Papua New Guinea 1983:20). It was only when negotiations with the provincial government reached a critical impasse towards the end of 1981 that national political leaders appeared to take an active interest in the review process. However, they were not much more sympathetic to Hannett's cause than the bureaucrats had been.

Hannett's attempts to appeal directly to national political leaders met with little success, despite the fact that the regional member for Bougainville, Father John Momis, was a senior member of cabinet. Momis claims that he did intervene on Hannett's behalf, expressing 'grave concern' to Prime Minister Chan in September 1981 about deteriorating relations between the two governments (J. Momis to L. Hannett 25 September 1981). However, the available evidence suggests that the intervention was not particularly vigorous. In his follow-up letter to Chan, Momis merely urged cabinet to make a 'serious effort to work out the role that Provinces play in major resource development projects' (J. Momis to J. Chan 25 September 1981).

Momis had no reason to go much beyond token support for Hannett in 1981. The two were bitter political opponents, and at the time Momis's Melanesian Alliance party was busy mobilizing popular opposition to Hannett and his particular style of development. Furthermore, it is unlikely that Momis's intervention, however vigorous, would have made much difference. The leadership of the coalition government was deeply divided, with Momis constantly at odds with Chan and, more particularly, with Deputy Prime Minister Iambakey Okuk. Indeed, it was Okuk who appeared to wield the most

power in cabinet — and he was an outspoken critic of provincial government (King 1982).

Hannett's initiative failed largely because he did not have the means to press his case. The strategy of withholding support for further exploration had only limited utility, because the provincial government was itself heavily dependent upon the continuation of mining revenues. Furthermore, because of his close association with the Bougainville Development Corporation, Hannett had a more immediate interest in the future of mining than most other provincial leaders. National government officials and politicians were prepared to make certain concessions in order to avoid conflict and to hasten a resolution. But they never had any reason to make the sort of concessions demanded by the provincial government.

### **Landowners and politics**

All parties to the 1981 review of the Bougainville Copper Agreement recognized that significant modifications to the mining plan were impossible without the concurrence of affected landowners. It seems to have been assumed by both the national government and the mining company that the provincial government could somehow deliver that support. Indeed, the provincial government's whole bargaining position was based on its purported ability to trade access to further resources for financial and other concessions. However, provincial officials themselves were careful to point out that they could not 'guarantee the peoples' consent' for further mining at Mainoki-Karato, or anywhere else in the province (L. Hannett telex to N. Agonia 7 January 1981). The evidence suggests that this caution was appropriate.

At a meeting with provincial government officials early in 1981, landowners in the Panguna, Mainoki and Karato areas indicated that their support for further exploration and mining would be forthcoming only if a long list of demands was met. These included a 30 per cent share of any mining revenues, the provision of roads, electricity, schools, and health services, and the complete exclusion of 'redskins' from the area (North Solomons Provincial Government 1981). Although the mining company expressed willingness 'in principle' to accept 'some developmental and social service responsibilities', there is

no evidence that these ideas received further attention before negotiations collapsed towards the end of 1981 (P. Quodling to L. Hannett 25 November 1980).

The situation at Laluai was equally uncertain. Landowners had regularly disrupted attempts to evaluate the scheme in the 1970s. By the early 1980s, intensive liaison efforts had begun to yield results, but some local landowners obviously remained skeptical.<sup>21</sup> Indeed, one educated resident of the Kongara stated bluntly in 1984 that 'we don't want development through hydroelectric in our area. We have been saying this all along and are saying it again now' (Eyal 1984).

Furthermore, local opposition to large-scale development projects was becoming increasingly politicized in the early 1980s. Father Momis's Melanesian Alliance party espoused a populist development ideology that advocated small-scale, village-based projects, and emphasized 'Melanesian ways'. According to Griffin with Kawona (1989: 232-233), Hannett's election as premier in 1980 spurred the party 'to more intensive organization' in the province, resulting in opposition to 'virtually any' initiative proposed by Hannett or by the Bougainville Development Corporation. Certainly, projects such as the Laluai hydro scheme and the Manetai limestone works were regularly attacked by Melanesian Alliance leaders, who usually cast their criticisms in terms of landowners' rights.<sup>22</sup> These efforts apparently yielded results, and voters strongly supported Melanesian Alliance candidates in the 1982 elections for national parliament, before ousting Hannett from office in the provincial elections of 1984 (Griffin with Kawona 1989: 232-234).

The provincial government was allowed to participate in the 1981 review talks only because its support was believed necessary for further resource exploitation in Bougainville. However, affected landowners, whose support was equally critical, played no direct part

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21 According to the now notorious Francis Ona in early 1984, 'Government has no right to carry out the Laluai Hydro and Manetai Limestone projects without proper consultation with the traditional village landowners' (Ona and Siama 1984).

22 For example, future premier Joseph Kabui argued in 1983 that rural people must 'reap direct benefits' from largescale projects, rather than the 'crumbs' being offered to them by the provincial government (Kabui 1984).

in the review. This raises questions about the utility of any agreement that the national government, the provincial government, and the mining company might have reached in the context of the 1981 review.

### **Towards the 1988 review**

The abandoned talks between the national and provincial governments on mining-related issues resumed in late 1983 under quite different circumstances. National officials signalled a new hardline attitude towards provincial demands, and all offers put forward during the review talks were withdrawn.<sup>23</sup> Issues were to be treated separately and on their own merits, instead of as part of a package. The development agreement approach was abandoned, and requests for additional funding were to be processed through normal national planning and budgeting channels (B. Jones memo to L. Hannett 13 December 1983).

The provincial government had little option but to accept these negotiating conditions. With the Ok Tedi mine about to go into production, and other promising gold prospects being discovered elsewhere in Papua New Guinea, the relative importance of the Bougainville mine to the national government had started to decline. Furthermore, copper prices had been falling steadily since the middle of 1980, considerably reducing the attraction of a second copper mine on Bougainville. On the other hand, a study commissioned by the provincial government and published in 1982 had highlighted the negative consequences of mine closure for the provincial economy (North Solomons Provincial Government 1982). By late 1983, the provincial government was as keen as the national government and the mining company to investigate which, if any, of Bougainville's mineral resources could be developed next.

These new circumstances allowed rapid progress to be made on several issues left over from the 1981 review. In 1984 the first of a series of feasibility studies was conducted at Luluai,<sup>24</sup> and

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<sup>23</sup> This was despite strengthening ties between Hannett and Pangu Pati, the dominant partner in the new coalition government.

<sup>24</sup> The studies were commissioned by a Development Trust, formed by several national and provincial government agencies, Bougainville Development Corporation, and Bougainville Copper Limited.

arrangements made for an airborne survey of the province's mineral resources.<sup>25</sup> However, the momentum was effectively lost with the return to power in mid 1984 of a Melanesian Alliance-dominated provincial government under the leadership first of Alexis Sarei and, after 1987, of Joseph Kabui.

The gap between business and politics quickly widened after the change of government in Bougainville. Melanesian Alliance leaders came to power suspicious of large-scale development projects, and their antipathy towards Hannett and the Bougainville Development Corporation increased after a dubious share issue early in 1985 effectively removed the corporation from provincial government control.<sup>26</sup> Relations with Bougainville Copper Limited also deteriorated. In 1986, the company renewed its efforts to get the exploration moratorium lifted, claiming that the Panguna orebody would be exhausted 'before the year 2000'.<sup>27</sup> When these appeals failed to make an impression on the provincial government, company officials had little option but to bide their time until the 1988 review of the Bougainville Copper Agreement (Bougainville Copper Limited Annual Reports 1986, 1988).

Mining issues presented Melanesian Alliance leaders with a dilemma. On the one hand, large-scale mining was the quintessential affront to their ideology of development. The industry was foreign owned and controlled, operated entirely according to alien principles and values, and was extremely destructive of the natural and social environment. In particular, it had disrupted the lives of a significant number of landowners, for whom the Melanesian Alliance had assumed a special political responsibility.<sup>28</sup> On the other hand, Melanesian Alliance leaders were acutely aware what a curtailment of

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25 This survey was funded by the West German government and carried out in 1986.

26 The share issue reduced the provincial government's holding from 51 per cent to 37 per cent (Griffin with Kawona 1989:233-34).

27 The company significantly increased its estimate of the amount of recoverable ore remaining at Panguna in 1988. At that time, officials calculated that the mine would continue operating for another 15 to 25 years (Bougainville Copper Limited Annual Report 1988).

28 Furthermore, landowner dissatisfaction was becoming increasingly apparent from the mid 1980s (see, for example, Connell 1990).

mining would mean for provincial government revenues, and its ability to provide services for a rapidly expanding population.

The first attempt to resolve the dilemma came in the run-up to the 1987 national elections when Father Momis announced his 'Bougainville Initiative'. The initiative was couched in hostile rhetoric, suggesting a deep-seated aversion to mining in general and Bougainville Copper Limited in particular.<sup>29</sup> Nevertheless, the substance of the initiative was remarkably mild. Rather than seeking to expel the company, or gain control of its operations, Momis demanded that 3 per cent of its gross income be redirected to the provincial government. In money terms, this was significantly less than Leo Hannett had sought in 1981.

A second initiative later in 1987 indicated that the Melanesian Alliance government, like the Hannett government before it, recognized the necessity of further mining in the province.<sup>30</sup> However, both Bougainville Copper Limited and the Bougainville Development Corporation were to be excluded from the action. The Bougainville Resources Joint Venture Agreement of 13 August 1987 established a joint venture between the provincial government and Benedict Chan, a Rabaul-born, Sydney-based businessman, to develop 'the assets of North Solomons Province consistent with the interests of the people of North Solomons Province and the interests of the Joint Venture parties' (*Times of PNG* 13 March 1990).<sup>31</sup>

On the face of it, the Bougainville Resources Joint Venture promised considerably more to the provincial government from further mining than anything that Hannett had proposed<sup>32</sup> However, it was

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29 Momis's statement, headed 'The wild pig cannot now hide from the people', accused the company of all manner of ills, including disrupting village life, transfer pricing, and fostering dependency (Griffin with Kawona 1989:235).

30 The existence of this initiative was kept secret until early 1990, when it was made public by the parliamentary opposition.

31 In August 1989 cabinet apparently approved Momis's proposal that the joint venture be granted sole rights to any new prospecting authorities on Bougainville (Callick 1990:22-23; Dorney 1990:323).

32 The provincial government was to take up a 49.9 per cent interest in the joint venture at no cost. Hannett had demanded 20 per cent equity in Bougainville Copper Limited, and had been offered less than 0.002 per cent,

unclear how this company, whose partners had limited capital and no mining experience, could 'develop the assets of the North Solomons Province' without involving the multinational mining companies so despised by Melanesian Alliance supporters. Moreover, it was unclear how the social and environmental problems that had proved so traumatic for the landowners in the vicinity of the Panguna mine were to be avoided at mining ventures elsewhere in Bougainville. Finally, there was no indication of exactly how the 'seed capital' generated by the Bougainville Initiative or the Joint Venture would be used to generate the desired self-sustaining community development (Griffin with Kawona 1989:235).

Melanesian Alliance plans to use mining to engineer a new, more appropriate, form of development in Bougainville were never put to the test. But the fact that the Panguna landowners took matters into their own hands late in 1988, and have remained largely in control of events ever since, indicates that the Melanesian Alliance had not found a workable solution to the dilemma.

The events of late 1988 also put paid to any possibility of a new approach to mining through the scheduled review of the Bougainville Copper Agreement. As with the 1981 review, it was the mining company that took the initiative, indicating its readiness to start the process in late 1987 (Bougainville Copper Limited Annual Report 1988). Again the national government was slow to respond, not putting together a negotiating team until a year later, and then only after the violence erupted at Panguna (Dorney 1990:130). Furthermore, the collaboration between the provincial government and the mining company that had been a feature of the earlier review was conspicuously absent in 1988. The circumstances surrounding the 1988 review of the Bougainville Copper Agreement were even less auspicious than in 1981, and there is no reason to believe that it would have produced more positive results.

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as well as the opportunity to purchase up to 5.0 per cent equity in any new mining venture.



## Conclusion

The breakdown of the Bougainville Copper Agreement review process was more a matter of conflicting interests than of missed opportunities. If the interests in conflict had been those of the official parties to the agreement, the national government and the mining company, then they might well have been resolved within the review framework. However, the most significant conflicts were between domestic groups with particular interests to promote and protect. The review process was simply not designed to handle such disputes, and proved incapable of doing so.

Mining agreements, such as the Bougainville Copper Agreement, are based on the assumption that the state can deliver access to the resources sought by mining companies. The fact that the state has had difficulty providing such access in Bougainville is a product of several factors. In the first place, state structures in Papua New Guinea are fragmented along provincial lines. This is particularly significant in Bougainville, where central control is constantly challenged by provincial leaders intent on developing their own autonomous sub-state system. In order to operate effectively on behalf of a mining company, national government has to enlist the support of provincial government. That support may come at a price — or it may be withheld altogether.

Secondly, state action in Papua New Guinea can be inhibited by tensions between the politicians who ostensibly control the levers of state power, and the bureaucrats who make many of the day-to-day decisions. Tensions of this sort within the national government concerning mining issues in Bougainville were insignificant for most of the 1980s. However, while the Department of Minerals and Energy effectively orchestrated events at the national level, its officials were in constant conflict with provincial politicians. This acute tension undoubtedly served to frustrate state efforts to secure additional resources for Bougainville Copper Limited during the 1980s.

Thirdly, state action on mining issues in Bougainville has been influenced by the development ideologies of dominant political groups. Ideological differences were not so important at the national level, where the various coalition governments tended to approach mining issues in more-or-less the same way. But they were significant in

Bougainville itself, where organized political factions emerged in the 1980s to compete for control of local state structures. On one side of the struggle was a faction led by Leo Hannett, that was intent on using mining as a catalyst for a radical transformation of the provincial economy. On the other, were supporters of the Melanesian Alliance party, who were more concerned with protecting traditional institutions against the ravages of foreign mining capital. In general, these ideologies predisposed the Hannett faction to use state power to facilitate the operations of Bougainville Copper Limited, whereas Melanesian Alliance supporters were more inclined to curtail its activities.

Finally, the state in Papua New Guinea is generally weak, and often incapable of decisive action. Many Papua New Guineans, particularly in the rural areas, have little contact with state agencies of any kind, and are only loosely connected to national and provincial systems of electoral politics. Even in Bougainville, where state structures are relatively well developed, the controllers of state power simply do not have the wherewithal to prevail against local groups determined to oppose state action.

Much of the political manoeuvring associated with the review of the Bougainville Copper Agreement occurred precisely because of apparent landowner opposition to further resource exploitation. Affected landowners were only marginally involved in the discussions, although their interests were often invoked, and it was never clear what terms of access they would accept. Subsequent events have demonstrated dramatically that neither compensation nor coercion can guarantee access to Bougainville's natural resources.

## CHAPTER 9

# THE ESCALATION OF DISINTEGRATION AND THE REINVENTION OF AUTHORITY

Colin Filer

### **A question of perspective**

Let me say at the outset that my contribution to this volume is not based on any special knowledge of what has been happening on Bougainville since the bitter Christmas of 1988, nor have I played any active part in the advocacy or design of a solution to the riddle of the Bougainville rebellion, nor shall I now pretend to have discovered one. In these respects, my point of view is somewhat different from others which are presented here.

I have presumably been asked to make this contribution because of the interest aroused by my previous attempt to connect the origins of the rebellion to a process of local social disintegration which is not uniquely Bougainvillean, but should rather be regarded as the typical response of small-scale Melanesian communities to large-scale mining enterprise. That paper (Filer 1990) was deliberately provocative, and I now feel a certain obligation to defend or modify the details of its argument in response to the criticism which it was expected to arouse. I should also like to claim that the development of my original argument has taken account of developments in the real world to which it relates, but in this respect I must confess a certain feeling of unease.

The perspective adopted in my previous paper was that of a social scientist whose business it is to reflect on the social impact of the mining industry in Papua New Guinea. For this reason perhaps, my argument has been most influential with those who share the same focus, whether they be managers or critics of the industry. In this paper, I might have chosen to elaborate my argument by reference to what has been happening in the vicinity of other large-scale mining projects, outside Bougainville, since the closure of the operation at

Panguna, because I can at least pretend to have some first-hand knowledge of this subject. But this line of inquiry would have taken me a long way from the matters being addressed by the other contributors to this volume, and would prevent me from considering whether and how my earlier analysis of the social origins of the Bougainville rebellion can contribute to an understanding of its subsequent development as a political phenomenon in its own right.

The perspective adopted in my previous paper was also that of a consultant who sometimes feels as if he were one of the King's horses or King's men whose task is to restore the Humpty Dumpty state of Papua New Guinea to the wall from which it is forever falling. One of my critics has even seen fit to describe me as a 'radical nation-builder', though this is surely an exaggeration of my modest and pragmatic role. One of the issues which I should like to pursue in this paper is the relationship which has emerged between the social disintegration of local communities and the political disintegration of the nation or the state to which they are supposedly attached. But this also presents me with some difficulties when I consider that the rest of this volume is devoted to a dialogue between Australians and Bougainvilleans. Although I may enter this dialogue as a resident of Port Moresby, and from that viewpoint voice my belief that other speakers are misrepresenting 'Papua New Guinea', there is no way that I myself can claim to represent that nation or that state.

Indeed, my own perspective would lead me to doubt whether anyone can plausibly claim to represent 'Papua New Guinea', or even 'Bougainville', except in some purely official capacity. Like other anthropologists, I am inclined to see these bodies as the creatures of an Australian Frankenstein, half-heartedly assembled from hundreds or thousands of ill-assorted communities, and I have great difficulty believing any story which is primarily concerned with thoughts and deeds of these artificial monsters. This is not to imply that Papua New Guineans are unable to tell such stories or unwilling to believe them, but the sum total of their 'national discourse' appears to me like a curtain which is full of holes, through which one can perceive the bits and pieces of a more substantial communal reality, and a very different kind of story. This is the kind of story which I should like to tell about the Bougainville rebellion.

But this leaves me with a fresh difficulty. In my previous paper, I was able to tell a story about the community of Panguna landowners in the period leading up to the outbreak of the rebellion in November 1988, and I think I can reasonably claim to have done so in accordance with the normal rules of historical evidence, even if the evidence available to me was patchy and, at time, equivocal. But for the period which has followed the outbreak of the rebellion, I simply do not have the evidence which would enable me to tell this kind of story, either in respect of 'the landowners' or in respect of any other Bougainvillean community, even if I still believe that this is where the truth of the conflict must lie. It is as if the smoke of battle and the clouds of partisan opinion had filled the space between the curtain of national sentiment and the substance of community politics.

For now, I have no better access to the actualities of village life on Bougainville over the last couple of years than do the many Papua New Guineans, including many 'exiled' Bougainvilleans, whose own perception of events has largely been determined by their understanding of the fate of friends and relatives caught up in the rebellion. This personal perspective obviously has its limitations. It is partial and it has been painful. But, through my own participation in this network of personal relationships, I have persistently been struck by the curious alternation of anguish and apathy, involvement and detachment, which seems to invade each rumour of conflict and misfortune, and while this impression has certainly added to the difficulties which I have experienced in writing this paper, it has also added to the strength of my conviction that 'politics' in Papua New Guinea is a play without a plot, or with a sub-plot which bears no relation to the slogans which the actors wear like masks to hide their real identities and interests.

With this awkward mixture of perspectives and difficulties, I am almost at a loss to define the general theme of this essay. Unlike my earlier paper, which was too simplistic and mechanical in its approach, though deliberately so, this one will be more defensive, discursive, and inconclusive. My title reflects the fact that this is primarily an exercise in 'political anthropology', but one which takes its cue from some of my observations on the social impact of the mining industry. If it is true that this impact includes a local process of social disintegration, at the level of the landowning community, and if it is true that this process provided the spark which ignited the Bougainville rebellion, it would

seem that the subsequent course of the rebellion has involved an escalation of this process to the level of the province and the nation, where it now appears as a process of political disintegration. However, the general truth of this observation is also a negative truth, since the concept of 'disintegration', social or political, is too readily subsumed under the so-called 'breakdown of law and order' which is supposedly pervading life in Papua New Guinea. No social or political process can be adequately understood if it is only understood to be the loss of something, just as no social or political activity can be properly explained by the absence of something. Although I believe that there is a process of social and political disintegration running through the history of the Bougainville rebellion, this process cannot be understood without an appreciation of its roots in the positive aspects of Melanesian political culture and an investigation of the novelties or rediscoveries which spring from the articulation of indigenous and Western institutions. For this purpose, I have invoked the concept of 'authority' as the most appropriate counterpoint to the concept of 'disintegration,' because it has the breadth of meaning necessary to encompass the political transactions of a 'stateless' social order.

### **Companies, communities and bits of state**

The argument put forward in my previous paper (Filer 1990) can roughly be summarized in the following six points.

- (1) The Bougainville rebellion was not simply 'caused' by the longstanding grievances of Bougainvilleans against a variety of external oppressors. There is no denying the existence of such grievances, nor the contribution they have made to the intensity and duration of the conflict, but they are not sufficient to explain the manner and the timing of its outbreak.
- (2) The proximate cause of the rebellion was a process of local social disintegration which has always threatened the political integrity of Melanesian communities (even in the pre-colonial period) but which had been magnified to explosive proportions by the accumulated economic impact of a large-scale mining project over a period of more than two decades.

- (3) There are several discrete but mutually reinforcing factors which intensify this process in the context of a large-scale mining project: the distortion of customary land rights; arguments over the distribution of cash benefits; the economic stratification of the landowning community; and the difficulty of sustaining or adapting rules for the inheritance of property and for an orderly succession to the leadership of the community.
- (4) The original aim of the 'militant landowners' was to close down the mining operation in order to put a stop to this accelerated process of social disintegration. The demand for secession was largely a consequence of their rebellion, or, to be more precise, of the national government's response to it.
- (5) The social origins of the rebellion are not 'uniquely Bougainvillean', but should at most be regarded as an extreme case of a recurrent problem in the relationship between mining companies, landowning communities, and the remarkably fragmented and disorganised 'state' of Papua New Guinea.
- (6) Given the political and economic constitution of the mining industry in Papua New Guinea, there is no simple or obvious political or economic solution to this problem.

Reactions to this argument have been decidedly mixed, and sometimes quite confusing.

For reasons which are not too difficult to fathom, my argument has been rejected or ignored by those who believe that Bougainville deserves to have its independence. But the most outlandish criticism has come from the pen of my former colleague, Professor Griffin (1990a), whose most recent writings (e.g. 1990b,c) display a singular lack of sympathy for the rebel cause. Griffin somehow manages to combine a long-held belief in the spirit of Bougainvillean nationalism with an outright repudiation of the BRA, and an admiration for the management of BCL which contrasts markedly with his assessment of the managerial capacity of Papua New Guinea's own politicians. Since

my argument featured none of these moral or political attitudes, Griffin suggests, within the space of a few pages, that I must be an old-fashioned, doctrinaire Marxist and a radical nation-builder (1990a:13-15)! 'The uncanny thing' according to Griffin, 'is that most commentators probably agree with Filer' (*ibid.*:13). This may be something of an exaggeration, but what clearly does irritate Griffin is that BCL itself has been the most enthusiastic of such commentators, which may help to explain the odd mixture of labels with which he has encumbered my perspective.

Needless to say, BCL has no proven record of support for Marxist nation-builders. Mining companies have responded favourably to my argument because it squares with their experience of the intractability of local landowners, and BCL has responded with particular enthusiasm because I have located the roots of the Bougainville rebellion in a process over which the company had little or no control, and for which it therefore seems to have a rather limited responsibility. It is only in this last respect that Griffin and I find ourselves sailing in the same direction, but sailing against a strong head-wind of Papua New Guinea public opinion which would indeed like to lay some or all of the blame for what has happened at the closed doors of the mining company. Although my argument has also found favour with the most strident international critics of the mining industry (for example, Moody 1991), presumably because I have still painted a negative and pessimistic portrait of the local social impact of the mining industry, my failure to acknowledge the possibility of a 'better deal' for local landowners has caused a measure of disquiet amongst those commentators (for example, O'Faircheallaigh 1990) who would otherwise agree with my explanation of the conflict.

I shall try to deal with some of these responses in more detail in what follows. But before I do so I should like to reaffirm my basic assumption that the only substantial collective actors on the stage called 'Papua New Guinea' are private companies, local communities, and a strange variety of creatures which I shall call 'bits of state'. All other collective entities, like 'Bougainvilleans', 'the working class', 'the grassroots' or 'the national government', are to be regarded as figments of various people's imaginations. I do not think that this is an especially contentious proposition, nor is it one which says that Papua New Guinea is a special place.



In their separate contributions to the conference which gave rise to this volume, Graeme Kemelfield complained that 'the power of the state' had been brought to bear on the people of Bougainville, while Michael Ogio sincerely hoped the government of Papua New Guinea would 'learn its lesson' from the course of the rebellion. I do not believe that 'the national government' is a creature which has the capacity to 'learn lessons', and if anything has been brought to bear on the people of Bougainville, it is not the 'power' but the weakness of 'the state'. While dealing in platitudes, I should prefer to adopt Moses Havini's picture of 'the ship of state without a captain', although I also have my doubts about the passengers and crew. Passing from platitude to hyperbole, I could even satisfy Griffin's anti-Marxist prejudice by saying that the state of Papua New Guinea has already 'withered away', leaving us with the world's first communist society!

There is no shortage of commentators, inside and outside the country, who would agree with Ron May's suggestion that the Bougainville rebellion was 'to some extent a ripple effect from the more general breakdown of law and order and challenge to the authority of the state which has characterised the recent political history of so many other parts of Papua New Guinea' (1990:57). To some extent this may be true, but I query the direction of the causal relationship, since I believe that the process of political disintegration needs to be considered as an interaction of collective entities whose own internal problem of authority outweighs the grievances which they may bear against 'the state' as such. The State is subject to a global process of decomposition which explains too little and too much of any actual political event. The paradox of politics in Papua New Guinea, it seems to me, is that the superstructure of the ship of state survives intact because it is immune to any major interference from the people in the little boats which sail around it.

This metaphor will serve to underline my conviction that there is little practical difference between those 'bits of state' which appear to be organs of government, like the Papua New Guinea Defence Force or the Department of Minerals and Energy, and the huge variety of other vessels which do not fly this flag - from the one regularly chartered by the World Bank to the one which has been commandeered by the BRA. Papua New Guinea is a very choppy stretch of water, in which all of these parties experience similar navigational problems, regardless of

their status in the world at large or in the vagaries of academic discourse. The basic problem is a very simple one: to manufacture and maintain a set of values, aims and strategies which can command the loyalty of people who would rather be their own commanders. This same basic problem afflicts the leadership or management of mining companies in Papua New Guinea as much as it afflicts the leadership of landowning communities. The difference is in the choice of methods for resolving it.

The problem of authority within the enterprise or the community is clearly magnified by the excessive fragmentation of the power which should, ideally, reside in government. And where there are so many claimants to 'political' authority, no one of them can stop communities and companies from constantly colliding with each other.

In another contribution to the conference which gave rise to this volume, Ethan Weisman suggested that the mining companies had learnt their lesson from the Bougainville rebellion, even if the government was still playing truant, and he cited the excellent community relations of the Kutubu petroleum project as proof of his point. Oddly enough, on the day preceding the conference (16 May 1991), the *Times of Papua New Guinea* published the following little story, entitled 'Chevron official denies trouble between landowners and company':

Trouble is brewing between the landowners of Kutubu and oil company Chevron Niugini near the oil field in the Southern Highlands province .... It is believed that the landowners are dissatisfied because certain parties have not been honouring the agreements they signed. In the latest incident a dissatisfied landowner blocked a two kilometre portion of the road from Sorogai village and took off with a motorcycle belonging to one of the employees of Chevron. The matter was reported and police arrested a man for alleged blocking the road and stealing the motorcycle. Last Saturday the man's relatives confronted field officers of Chevron and demanded that the man be released. A Chevron official in Mendi confirmed that the incident had happened but said there were no problems between the company and the landowners. The official said that Chevron had carried

out its part of the agreement and that it was only the national government that was holding out. In fact, he said the landowners were quarrelling among themselves and not with the company or government.

A storm in a teacup, no doubt. But here we have a perfect illustration of the pattern of relationships which endlessly repeats itself throughout the mining industry in Papua New Guinea, and which, as it develops through the life of any given project, becomes a vicious cycle of increasingly explosive confrontations.

Those hapless individuals whose job it is to keep the lid on these explosions are not as confident of their capabilities as Weisman seems to be. Community liaison officers with the mining industry have even criticized my model of community disintegration because it postulates a fairly long-term process, lasting twenty years or more, while recent observations indicate that it is happening more rapidly in the vicinity of other mining projects than it did around Panguna. There is no space here for me to assess the validity of this particular argument, but it hardly encourages an optimistic view of anyone's capacity to learn and then apply the lessons of the Bougainville rebellion.

My picture of the general condition of disorder which encompasses the internal and external relationships of companies, communities and 'bits of state' has three significant implications for my understanding of the progress and possible outcomes of the rebellion, aside from my previous analysis of its social origins:

(1) the Papua New Guinea Defence Force and the BRA are both 'bits of state' which have their own internal problems of leadership, like all parties to the conflict, and neither of which has the capacity to represent or pursue the interests of any larger community outside itself, since no such community of interest exists beyond the realm of political imagination.

(2) anyone who believes in the feasibility of a 'new deal' which would not only serve to harmonise the separate interests, and solve the various internal problems, of all the main parties to the conflict, but

would also permit the early resumption of large-scale mining operations at Panguna, is also suffering from a serious delusion

(3) with or without the mine, an independent state of Bougainville would have no greater solidarity than the state of Papua New Guinea from which it had departed. Without the mine, however, Bougainvilleans would not need independence to escape the 'power' of central government, since none of its component agencies would take much interest in their affairs - if only the rebellion would fizzle out.

Since these conclusions may still seem to follow from my understanding of the origins of the rebellion, I shall now turn my attention to the arguments advanced against that explanation, since these might lead to very different conclusions.

### **The economic roots of the rebellion**

There is no doubt that my earlier account of the social origins of the rebellion placed a great deal of emphasis on the inability of the landowning community to absorb and digest the economic benefits of the mining operation at Panguna. I argued that the maldistribution of these benefits had inevitably led to a process of economic stratification which then formed the basis of a leadership struggle between successive generations of landowners, and that the victory of the younger generation was also a victory for the belief that there was no real economic solution to the problem of coexistence between themselves and the mining company.

This line of argument has been attacked from two quite different directions. On the one hand, Griffin complains that I place far too much weight on the economic origins of the rebellion, to the neglect of political and spiritual factors, and claims that I am guilty of misrepresenting the early stages of the conflict as a form of class struggle. On the other hand, O'Faircheallaigh seems to agree that economic problems played a major part in fomenting the conflict, but

believes that these problems could and should have been addressed by raising the level of compensation paid to the landowning community.

In Griffin's mind, my suggestion that the leaders of the new PLA (Panguna Landowners Association) had 'moved beyond the confines of Bougainvillean nationalism' by their repudiation of an identifiable Bougainvillean elite, and by their profession of solidarity with landowners fighting mining companies in other parts of Papua New Guinea, is nothing but a 'Marxist fancy' (1990:13). This particular 'fancy' was based on nothing other than the documented statements of the militants themselves. Griffin may believe that right-thinking academics should ignore all signs of class consciousness amongst the wider populace in case they suffer the hideous fate of being labelled as old-fashioned Marxists, but it is surely possible to analyse the meaning of these signs without assuming that they mean exactly what they say.

When, during meetings held in November 1988, the new PLA leadership denounced the 'black men in top offices' (Filer 1990:82), I believe they were primarily thinking of Bougainvilleans employed directly by BCL, but there is little doubt that the denunciation was readily extended to what I described as 'that class of Bougainvilleans who have apparently grown fat from eating at the table of the mining Company' (*ibid.*:91). Griffin is 'puzzled' that I have 'imputed such salient resentment against North Solomonese employed by the mine to the BRA, when Francis Ona was himself one and when a constant complaint has been that BCL does not employ enough North Solomonese' (1990:13). I am equally puzzled that Griffin cannot tell the difference between men who sat in top offices and men who drove trucks, nor see the similarity between men who sat in the top offices of BCL and those who sat in top offices nearby - especially those belonging to the Bougainville Development Corporation.

I suppose it could be argued that Francis Ona occupied a 'top office' during the time that he worked as a BCL surveyor, although I rather doubt that he shared this perception at the time. When he resigned this job and signed on as a truck driver, he probably did perceive that this meant a definite step down in the BCL job hierarchy, but I would hesitate to gratify Griffin's prejudice by describing such voluntary demotion as a demonstration of solidarity with the proletariat, Bougainvillean or otherwise. There is very little evidence to suggest

that Ona or any other of the PLA leaders were protesting against the failure of BCL to employ more Bougainvilleans in any particular capacity. Nor is it necessary to be a champion of the proletariat before one can become an enemy of the bourgeoisie - Bougainvillean or otherwise. There is plenty of evidence to suggest that the Bougainvillean bourgeoisie, with or without a BCL salary, have been increasingly unpopular with other Bougainvilleans for the past ten years, and Griffin knows full well that there are several such individuals who would have been shot on sight by the BRA if they had not had the good sense to remove themselves from the scene of the action. Of course it can be argued that their unpopularity is the result of a perception that they have betrayed their Bougainvillean identity to the hated state of Papua New Guinea - but it can also be argued (as I have done) that their 'original sins' were just as much a function of their economic activities.

I have never suggested for one moment that the PLA (or the BRA) were in the business of attacking all the Bougainvilleans employed by BCL. Nor has my 'fanciful Marxism' ever led me to the erroneous conclusion that they were attacking anyone in the name of the working class - or any other 'class'.

Griffin is especially critical of my argument that the new PLA leadership came to think of themselves as 'the actual or potential leaders of a *national* movement of mining landowners' (Filer 1990:82, quoted by Griffin 1990:13, his emphasis). But at the same time, and on the next page, he remarks that Francis Ona's radio broadcast against the 'white mafiosi' in November 1989 was 'an appeal ... for pan-Melanesian, not for national, solidarity'. Now if I had said that the PLA leadership thought of themselves as the actual or potential leaders of a Melanesian, rather than a national, movement of mining landowners, I would presumably have satisfied Griffin that I was not, after all, a 'fanciful Marxist', and yet I wholly fail to see how the substance of my argument would have altered.

It is, of course, a matter of debate whether Papua New Guinea is more or less of a 'nation' than Melanesia. The more relevant point is that both of these entities comprise a large number of landowning communities, of which a few could reasonably be described as 'mining landowners'. There is no doubt that the leaders of the new PLA were actively monitoring and supporting the activities of other mining

landowners in Papua New Guinea during the course of 1988, and I was able to witness the nature of this interaction at first hand during a meeting between the new PLA and a visiting delegation of Lihir landowners in November of that year. For all I know, they were also in touch with their counterparts in the Solomon Islands, Fiji, and Irian Jaya, though I have not encountered any evidence of this. The geographical extent of the 'movement' is surely less important than the fact that it did extend beyond Bougainville, even if only in the militant imagination, and I fail to see how the observation of this fact entails a belief that mining landowners constitute a social class in any particular Melanesian state or in the region as a whole.

Within the state of Papua New Guinea (though not in Fiji or Indonesia) 'the landowner' is virtually synonymous with the citizen, in whose name nearly all political activities are conducted. The Panguna militants initially gained widespread sympathy throughout the country because they seemed to the champions of this national landowner in their battle with the fire-breathing foreign dragon. In a global context, the Melanesian landowner may be assimilated to the larger class of indigenous tribal peoples in the same way that BCL and CRA belong to the larger class of multinational corporations, but if Griffin thinks that I have used this rather trivial observation as an explanation of the social origins of the Bougainville rebellion, then I think he is mistaken.

If Griffin were more familiar with the varieties of sociological thought, then he might have recognized that my explanation of the crisis owes rather more to Durkheim than it does to Marx. My intention was to show how the landowning communities in the vicinity of Panguna, especially those in the immediate vicinity of the mine, arrived at a condition of *anomie*, or social disorder, whose character serves to explain the peculiar psychology of protest which was evident in the period immediately preceding the outbreak of the rebellion. I certainly have suggested that economic factors played a crucial part in accelerating the relevant process of social disintegration, but this alone is hardly an exclusive property of Marxist argument. I also indicated that one of these economic factors was a process of internal stratification which created the appearance of class division within the landowning community, but immediately qualified this point by saying that the language of class, as used by the militant leaders themselves, conceals the fact that members of the same community 'are related to

each other by customary, and often intimate, bonds of kinship, and are distinguished from each other by the lines of age and seniority, as well as by their economic situation' (1990:92).

Unlike Griffin, O'Faircheallaigh has recognized that this last point represents a critical difference between my own analysis of the rebellion and the orthodox Marxist argument advanced by Thompson (1990):

The BRA was prepared to close the mine indefinitely not, as Thompson implies, because the mining workforce shares the characteristics of a 'classic nineteenth century Proletariat' but precisely because it lacks the most important characteristics of such a class, separation from the means of production and a consequent necessity to sell its wage labour to survive. It was only because most of the BRA's supporters still had access to land for subsistence farming that closure of the major source of wage labour could be envisaged (O'Faircheallaigh 1990:33).

It is not the 'Marxism' of my argument which troubles O'Faircheallaigh, but my tendency to reduce questions of economic justice to problems of social disorder.

His first point is that my argument tends to underestimate the real extent of physical environmental damage by suggesting that 'local people see and feel the transformation of their physical surroundings as the outward symbol of the damage done to their society' by the economic process of compensation (Filer 1990:95). From his assessment of case studies in other parts of the world, O'Faircheallaigh argues that 'damage to the physical environment *is one of the major causes* of adverse social impacts [because of] the resultant "shame" felt by people who were involved in the process (albeit reluctantly) and who consequently cannot pass the land on [to] future generations in the condition [in which] they inherited it' (personal communication 13 June 1990, his emphasis). This is a fair point, but not wholly inconsistent with my own analysis when one considers, as O'Faircheallaigh does, that 'indigenous peoples ... tend to define their social, cultural and spiritual identities in terms of relationships with the physical environment'.



More crucially perhaps, O’Faircheallaigh takes issue with my hypothesis that ‘the degree of strife within a “landowning community” ... is proportional to the size of the packages which have been delivered to the community by a mining company and the various agencies of government’ (Filer 1990:104). Following his own (1988) comparison of two Australian Aboriginal communities, O’Faircheallaigh argues, on the contrary, that a low level of mining royalties has actually intensified social conflict and disintegration in one of these groups because:

individuals appear to have felt that if the money was shared evenly the benefits would simply not be worthwhile, and their reaction was to try and monopolise benefits for their own kin groups .... [But] where per capita payments are large relative to existing incomes *and where indigenous people have control over their distribution*, they can have socially cohesive rather than socially destructive effects (personal communication 13 June 1990, his emphasis).

According to O’Faircheallaigh, the level of cash payments made to the Panguna landowners was indeed low by Australian and North American standards, especially considering the extent of the damage to their physical environment, and therefore does not warrant the pessimism implicit in my hypothesis.

Since it was only a hypothesis, I must agree with O’Faircheallaigh (1990:35) that the question remains open to further comparative study. I would certainly not wish to discourage the search for a more equitable and less disruptive solution to the problem of distributing the material benefits of mining in Papua New Guinea. On the other hand, I also wonder whether those solutions which seem to work for Aboriginal communities amidst the alien but stable political institutions of Australian and North American society will also be effective under the conditions of general political disintegration which I tried to describe in the previous section of this paper.

In Papua New Guinea, ‘indigenous people’ do have nominal control over the distribution of mining benefits, not only within their separate communities, but also at the level of the state, and yet the institutions through which this control is exercised, at all levels, are themselves the cause of endless conflict and the focus of persistent, but

inconsequential, efforts at reform. As I tried to show in my earlier paper, the strictly 'economic' problem of distribution is only one of a number of problems whose mutual reinforcement constitutes the overall process of social disintegration.

It might even be argued, as I did in the case of environmental degradation, that the endless and possibly fruitless search for a solution to this problem is a 'symbol', rather than a cause, of the deeper or wider collective sense of social disorder. Or one might simply say that the 'political climate', at all levels of society is an independent variable in the satisfaction of economic demands. The question is whether landowning communities possess the institutional capacity to exercise substantial control over the distribution of mining benefits in circumstances where the state itself is unable to guide, contain or reproduce the solutions to such economic problems.

If we now stop to reconsider the relationship between the local economic roots and the national political fruits of the Bougainville rebellion, three additional conclusions seem to be warranted.

- (1) The progress of the rebellion has certainly displaced the economic conditions, and even many of the people, whose presence on Bougainville had previously justified a certain measure of class consciousness amongst the protagonists. This does not invalidate my analysis of that previous situation.
- (2) Class has continued to be relevant to the analysis of the rebellion in one particular respect. Despite the existence of a class of indigenous capitalists, whose ranks still contain a number of prominent Bougainvilleans, this does not function as a ruling class, nor is there any ruling class in Papua New Guinea, unless it be the class of customary landowners to which these capitalists also belong.
- (3) In order for large-scale mining companies to satisfy the economic and social needs of landowning communities, both sides need to believe that they are playing the same game, with one code of rules and a

referee to interpret them. Without the illusions of 'class struggle' and 'state control', the game becomes impossible. On Bougainville the game became impossible when the rebellion began.

One does not have to be a Marxist, or even believe in 'economic' explanations of political events, to appreciate these points. But one may still need to believe, as I do, that the main effect of the rebellion, apart from its destruction of illusions about class and state, has been the escalation of the process of community disintegration to the whole of Bougainville. Even Griffin might agree with this, if I were not to add one more illusion to the list of those which have been stripped away - and that is the belief that there was once a 'Bougainvillean' community.

### **Between community and nation**

Despite his lack of sympathy for the secessionists, Griffin's own account of the social origins of the rebellion is none too different from that which has progressively, and understandably, infused the propaganda of the BRA. Neither pays any more attention to the composition and dynamics of village society than it does to the uneven development (or underdevelopment) of local communities in different parts of Bougainville. Instead, we are offered the simple image of a single population migrating in unison from a typically Melanesian sense of ethnic identity to what Griffin describes as 'the terminal loyalty of an ethnonation' (1990a:14) in response to periodic acts of interference or aggression by the state.

It is hardly surprising that those who share this perspective have been unable to distinguish my suggestion that there is 'a myth of Bougainvillean nationalism' (Filer 1990:84) from the idea that Bougainvillean nationalism is a 'myth' (Griffin 1990a:14). The indignation presumably stems from a belief that myths do not exist. But, unlike those who now deny the existence of class consciousness in the minds of the Panguna landowners, I have never denied the existence of Bougainvillean nationalism in the minds of Bougainvilleans. I am only saying that the stories told about it, like Griffin's, simplify, distort or hide important aspects of the truth

because, like other myths, they serve as weapons in a conflict rather than as explanations for it.

Griffin's subscription to this myth has not only distorted his own explanation of the rebellion, but colours his account of my account as well. For example, Griffin claims that I took the original PLA demand for K10 billion 'too literally', when I actually said (1990:96) that the PLA used this astronomical demand as a substitute for their previous demand for closure of the mine, and, at the same time, as a way of indicating the nature of the economic problem which afflicted their community. According to Griffin, they 'were serving notice on BCL to quit and setting the ground for what would have to be dead-end negotiations with the Papua New Guinea Government' (1990a:14), which is hardly a less 'literal', even if it is a slightly different, interpretation of their motives.

More seriously, Griffin distorts my argument beyond recognition when he implies (1990a:13) that I have dated the emergence of a 'non-negotiable attitude to secession' to the period which followed the original presentation of that argument at a seminar in September 1990. I have consistently argued that secessionism became the order of the day during the period between January and March 1989, in response to specific acts of violence committed by the security forces and other 'outsiders' (see Filer 1990:83-4). So Griffin's statement that 'UDI was clearly on the agenda by April 1989' can hardly be regarded as a valid criticism of myself.

But Griffin goes further than this, by suggesting that the demand for secession was 'implicit from the beginning of the crisis, (1990a:13). It is not entirely clear when Griffin thinks the crisis 'began', but his way of interpreting the demand for K10 billion (made in March 1988) can presumably be taken as an example of what he means by an 'implicit' demand for secession. Oddly enough, Griffin fails to reinforce this part of his argument by alluding to the explicit demand for secession in Francis Ona's radio broadcast of 25 November 1988 (Havini 1990:25, Connell 1990:33), at the very outset of the PLA's pylon-bombing campaign. I must concede that I was not aware of the contents of this broadcast when I wrote my earlier paper, and if it really did include an explicit demand for secession, then my history of militant motivations would need to be modified - at least so far as Francis Ona is concerned.

On the other hand, this would not alter the validity or significance of Perpetua Serero's testament, in June 1989, that not only she 'feared secession', but 'the whole crisis in the Province [had] developed into something totally different from the original demands of the landowners' (quoted in Filer 1990:83). Although Griffin has chosen to ignore this statement, for reasons best known to himself, I am not the only outside observer who believes that the lady was right to distinguish two stages in the development of the rebellion (see Connell 1990; Ogan 1990), and this view has even been repeated by those 'insiders', like Bishop Singkai (*Post-Courier* 8 February 1990), who do not seem to share the lady's fear of secession.

The moral of the tale which Griffin wants to substitute for this one is a perfect illustration of the circularity of myths which masquerade as history. For we finally learn that 'it is partly because of predispositions like Dr Filer's and those of less radical "nation-builders" that [Griffin's previous assessment of the strength of "ethnonationalist" sentiment] was not widely shared and that precautionary steps to prevent today's chaos were not taken' (Griffin 1990a:15). In other words, my own 'predispositions' are a better explanation of the 'chaos' than the explanation which I actually offered, but which he has caused to disappear beneath a multi-coloured nationalist cloak.

Perhaps it is true that the national government could have done more than it did to prevent the explosions of 1988. But I am sceptical of this, first because I do not believe that 'the national government' has any greater capacity to function as a collective actor than 'the people of Bougainville', and secondly because the disparate bands of politicians and public servants who seem to be the national government have generally tended to assume, like Griffin and the Bougainvillean secessionists, that the root of the problem must lie in the balance of wealth and power between the province (or the 'ethnonation') and the state of Papua New Guinea - not in the process of local social disintegration which was the central subject of my own historical account.

Like 'the breakdown of law and order', the spirit of nationalism explains everything and nothing. It may tell us that Papua New Guinea is undergoing the same process of political disintegration as the Soviet Union or Yugoslavia. It may tell us that Bougainville is unique for

reasons which barely distinguish Bougainville from Melanesia. It may tell us that the Bougainville rebellion was the result of an irreducible and timeless ethnic sentiment which periodically erupts, like a volcano, for no apparent reason beyond its prior existence. What it does not tell us is the way in which the histories of particular Bougainvillean communities have accommodated the idea of secession, the impact of the mine, and the course of the rebellion within their own distinct political traditions.

On this score, I should acknowledge that my own explanation of the rebellion contained an omission or elision which subsequent events have only served to enlarge. My description of the process of social disintegration within the landowning community included the recognition that this was both a large and an artificial community, whose boundaries did not coincide with any cultural or political distinctions which would naturally have been made in the absence of the mine. Although this artificiality could be seen as a social problem in its own right, it was also clear to some observers, even before the outbreak of the rebellion, that local support for the militant cause was not simply a function of people's proximity to the mine or its physical effects, nor even the disjunction between people who did or did not qualify as 'landowners' for the purpose of receiving royalties or compensation payments from the mining company (see Tsinoung *et al.* 1988).

From these observations, it could perhaps be argued that the original impetus behind the rebellion did not come from the 'landowners' as such, but from those landowners who were also Nasioi, and those Nasioi who were not even landowners. Subsequent events have only served to underline the dominance which members of this language group appear to exercise within the rebel movement. And if we then ask why the leaders of the Nasioi should seem to have become the Bolsheviks of Bougainville, the answer may lie not in any generally applicable model of mining impacts, but in the longer, deeper streams which link the Nasioi political tradition to the history of their involvement with the outside world, including the fractious history of resistance to the mine.

This is certainly the impression to be gained from Eugene Ogan's studies of Nasioi political culture, but these studies also make it quite clear that the Nasioi 'tradition of resistance' is neither a function of their

capacity for collective action, nor evidence of the strategic vision of their leaders, but, if anything, derives from the singular absence of both these qualities. Indeed, Ogan would not even describe the Bougainville rebellion as a 'rebellion', since words like these 'assume a degree of political organisation, leadership and administration which not only never characterised Nasioi society in the past but has not developed up to the present time' (1990:35). His own account of the origins of the 'rebellion', if such it can be called, is therefore very similar to mine: 'It is the issue of compensation, especially as this produced disagreements among Nasioi themselves, not an attempt to overthrow the provincial or national government, which [was] the proximate cause of violence against the mine' (*ibid.*:36).

It is worth noting here that Ogan does not attribute the origins of the rebellion to the social disintegration of the whole Nasioi language group, but only to the problems and grievances of those Nasioi communities whose members held some title to the mining leases. Despite the generality of his other remarks about Nasioi political culture, one wonders whether the 20,000 members of this language group or 'tribe' are really more unique, in any relevant respect, than the 160,000 Bougainvilleans with whom they would rather identify themselves. If one does ascribe the origins of the rebellion to problems experienced within the leaseholding communities, one may then wonder whether the difference in the reaction of Nasioi and non-Nasioi communities was any greater than the difference in the reaction of neighbouring Nasioi villages - like Guava and Dapera. After all, it was one group of individuals from Guava village, including Francis Ona and Perpetua Serero, who formed the nucleus of the new PLA.

There is a general sense in which all Melanesian communities are likely to respond to similar problems in similar ways. It would be just as true to say that each community has its own unique history of particular problems and particular solutions. Between the local community which really does function as a community, and those larger entities called 'tribes' or 'language groups' or 'ethnations', there is endless space for anthropologists and other people to travel round the circles of sameness and difference. But I doubt whether these journeys will yield further insight into the origins and consequences of the conflict which we are considering. The real problem is to grasp the nature of the process by which the social divisions and political

alliances, within and between these local communities, have been transformed throughout the generation and the escalation of the conflict.

It is difficult to formulate this problem, let alone resolve it, for the simple reason that we have so little evidence. That is why reflections on the conflict constantly resort to those communities of the imagination which are undivided in themselves and unrelated to each other by transactions which are recognizably derived from any other Melanesian institution. In order to redress the balance, I have little option but to speculate on the significance of what has happened since the start of the rebellion. It should be understood that these are very tentative additions to my argument.

### **The transformations of political authority**

Despite the appearance of an 'interim republican government', whose ambassadors assure the world of their capacity to exercise conventional political authority within an independent state, the evidence available to me suggests that conventional political institutions have become increasingly irrelevant during the course of the rebellion, and that Bougainville now represents an extreme case of the 'disorder' which afflicts these institutions throughout Papua New Guinea. On the one hand Ron May's 'pessimistic scenario' seems to have been realized in 'the ascendance of a fractious coalition of militant young landowners, cultists and *raskols* presiding over ... a deeply divided society, and maintaining itself through intimidation and the threat of a further protracted insurgency if the national government attempts to reestablish its authority' (May 1990:59). On the other hand, the forces opposed to the perceived threat of gangsterism have coalesced around the no less unconventional, and no more traditional, institution which is presently described as the 'council of chiefs'.

If we try to think of this 'state of disorder' as a process of political disintegration, in the same manner that I previously sought to trace the origins of the rebellion through a process of social disintegration within the 'community' of Panguna landowners, we can distinguish several elements in this process which could again be seen as steps towards some final outcome or as moments in a vicious circle which describes the problem of authority in circumstances where 'the



state' has very little of this substance. My current inclination is to highlight the following elements in the following order:

- 1) the ambivalence which many Bougainvilleans and other Papua New Guineans initially displayed towards the 'uncompromising militancy' of Francis Ona's public posture;
- 2) the intensification of the leadership crisis within the spreading range of Bougainvillean communities caught in the cross-fire between the BRA and the Papua New Guinea 'security forces';
- 3) the BRA's campaign of persecution against the relatives of 'exiled' Bougainvilleans and other Papua New Guineans beyond their reach;
- 4) the widespread destruction of schools and other buildings by the 'disenchanted youth' or 'criminal elements' whose own subordination to the BRA leadership is open to question;
- 5) the continuing disjunction between the 'millenarian' and 'strategic' voices in the chorus of secessionist demands

Although it is virtually impossible to establish the relative significance of these phenomena, or to claim that they exhaust the aspects of a process which is still unfinished, I suggest that they are partly a response to the 'evacuation' of the state, both real (from Bougainville) and metaphorical (by Papua New Guineans in general), but partly also a 'regression' to the politics of pre-colonial society and its 'tradition of invention'.

The 'thoughts of Francis Ona' have been the subject of much debate since he first made his appearance as a latter-day war leader. The enormity of his demands, the refusal to compromise, and the virtual admission of his own insanity were amongst the 'facts' which I tried to explain in my previous paper as responses to the disintegration of his own community. But what also needs to be explained is the admiration which this mentality seems to have aroused, the legitimation of his leadership, and his status as a 'folk hero', beyond the confines of the community within which his attitudes were understandable - even

outside Bougainville. The problem here is not the sympathy which people have for David in his fight against Goliath, but their response to his destructive rage, which seems to have its own legitimacy as a style of leadership. In Papua New Guinea, the rampage has become the normal form of protest, and the 'striking strongman' is a figure who commands, amongst his audience, a strange mixture of resignation and fascination, and against whom the voices of moderation and compromise cannot be raised until his rage has run its course. Although I previously described Ona's own exhibition of 'Ramboism' as a feature of the 'mental wasteland' inhabited by the Panguna landowners (1990:87), I have now chosen to describe him as a 'latter-day war leader' because I now wish to propose that this peculiar form of authority is not simply a function of economic and cultural 'development', but also represents one customary method of dealing with the problem of political disintegration which has always afflicted Melanesian communities.

But the trouble with 'strongmanship', as a latter-day form of authority, is that there really is no method in its madness. Perhaps that is why the 'disciplined forces', whose lack of discipline is partly a function of their own subscription to this strange ideal, were unable to deal with Francis Ona's Bougainvillean audience except as a legitimate target of wholesale abuse, let alone muster the capacity to stage a military coup. One might then say that Bougainville became, for many months, the scene of two competing 'reigns of terror', but insofar as these were organized around the principles of strongmanship, they were not really organized at all.

By its very nature, this peculiar form of authority can only achieve a localised and temporary resolution of the problem of political disintegration. In the year of armed struggle which preceded the evacuation of the Papua New Guinea Defence Force in March 1990, there is clearly some sense in which it would be true to say that the BRA, assisted by the actions of its enemy, contrived to enlarge the scope of its authority, and thus take control of a growing number of local communities, and finally, the entire province. But this statement fails to capture the problems which would have been created, within and between generations, within each of these communities, by tipping the local balance of power in the direction of an inherently unstable

form of authority. It does indeed appear that, with the passage of time, these problems have become increasingly acute.

From my reading of the situation, I doubt whether there is any Bougainvillean community which has been united in support of the rebel movement or whole-heartedly opposed to it. Although there seems to be variation in the level of support, which roughly correlates with people's distance from the source of the rebellion, this should only be taken to reflect the size and influence of the 'rebel faction' which emerged in most of these communities. The leaders of these factions seem to have been drawn from the same generation as Francis Ona and Joe Kabui, the generation whose adolescence coincided with the movement for secession in the early 1970s, *not* the generation of Father Momis and Leo Hannett which participated in the leadership of that earlier movement. If, as I have previously suggested, Ona and his fellow militants had been engaged in a struggle to wrestle control of the 'landowning community' from members of that older generation, and if that struggle played an important part in fomenting the original conditions of the rebellion, then the subsequent spread of support for the rebellion beyond the mining lease areas can presumably be seen as a repetition or intensification of the same struggle in other parts of the province.

However, as I also indicated in my earlier analysis of the rebellion, the problem of leadership in Melanesian communities is not simply a question of when and how one generation yields to another, but also a question of which members of each generation will be able to persuade the other members to pursue a certain 'road to power'. The power of the rebel strongmen might now spring from the barrel of a gun, but for many years past the principal qualifications for leadership had been those provided by the formal education system. While the 'educated elite' is a fairly small minority among the Momis/Hannett generation, and its influence at the level of the local community has been correspondingly limited, it accounts for a much more significant proportion of the Ona/Kabui generation, and its influence at that level has correspondingly increased. If Griffin would excuse the phrase, there is now a substantial 'middle class' of white-collar Bougainvilleans, most of whom could hardly be described as 'black men in top offices', but many, if not most, of whom have nevertheless

been progressively alienated from the rebel cause by the sufferings inflicted on themselves and their families.

Although the 'central command' of the rebellion still seems to rest with members of this class, including Ona and Kabui, there are good reasons why so many other members have been eminently qualified for suspicion of treachery to the cause. Those who were employed within the province, especially the public servants, were almost bound to be compromised unless they could demonstrate their active support for the rebellion from its earliest stages, and the customary mixture of resignation and fascination would not be sufficient for this purpose. Although some of these individuals remained in the province after the departure of the security forces, and were then subjected to various degrees of harassment in their own villages, others joined the ranks of those 'educated exiles' who have continued to live and work in other parts of Papua New Guinea without being subject to any significant degree of harassment by other Papua New Guineans. On the contrary, the ties of friendship, and especially the ties of marriage, which link members of the Bougainvillean middle class to their national counterparts have been significantly strengthened during the course of the rebellion, and thus pose a major threat to its success, even in the absence of any overarching loyalty to the state of Papua New Guinea.

We have still not heard the full story of rebel attempts to force the closure of such middle class connections. But perhaps there is no more eloquent testimony to the threat which education posed to the authority of local rebel leaders than the widespread destruction of school buildings which took place during the period of the blockade. The 'interim government' seems to have blamed this destruction on 'criminal elements' or 'disenchanted youth', whose actions were beyond the control of the BRA leadership, and the same excuse could presumably be given for many of the actions taken against suspected traitors. If the rebel leadership seriously believed in the creation of an independent state, it would hardly make sense to destroy the infrastructure necessary to its existence. One suspects that schools and other public buildings were not being attacked as symbols of Papua New Guinea, but as symbols of state authority.

These actions and excuses only serve to underline the nature of the leadership crisis at the level of the local community. When the BRA

filled the space left by the departure of the security forces and the general collapse of government services, its central command faced the same problem which the Panguna militants would have faced if they had previously accepted a 'new deal' to reopen the mine. The problem was how to normalize and consolidate their authority under conditions which were guaranteed to provide additional momentum to the same process of social and political disintegration which had initially brought them to power. As I have previously pointed out, 'the very nature of the mining project ... seems to have progressively reduced the intervals between those moments of "initiation" whereby leadership is transferred to successive generations' (1990:94). The irony is that the rebellion itself seems to have become the moment of political initiation for the 'disenchanted youth' throughout the province, in the same way that the looting of the Panguna Supermarket in 1979 functioned as the moment of political initiation for Francis Ona's generation of Panguna landowners, and the same brand of strongmanship which was initially designed to save Ona from the young Turks has turned out to be the major obstacle to the consolidation of his role as president of Bougainville.

Although the 'interim government' now presents itself to the world as a rational political organization which is fully capable of exercising the authority of the state, the current disaffection of so many educated Bougainvilleans makes this claim seem implausible. Documents and pronouncements emanating from the BRA 'central command' suggest a very different solution to the problem of normalizing and consolidating its authority, one which appeals to the millenarian values represented by the so-called 'cargo cult'. In its own public awareness campaign of 1989, the North Solomons provincial government drew particular attention to the long-standing association between Francis Ona and Damien Damen, the leader of the 'Fifty Toea movement' and warned against the false promises being made to the 'young boys' who were engaged in the militant cause. The same document observed that followers of this cult were 'against inter-marriage with other Papua New Guinea citizens and expatriates' and 'do not believe in any Governments'. If this is something more than propaganda, then it not only serves to explain the link between the rebel leaders and the actions attributed to the 'disenchanted youth', the destruction of public buildings and the persecution of Bougainvilleans

with affinal links to the rest of the country, but also suggests that the rebel leaders were seeking to consolidate their authority with those members of the Momis/Hannett generation, and even the older generation which came of age during the Second World War, who had been previously thwarted in their own pursuit of this particular 'road to power'.

Once Francis Ona had left his status as war-leader and despot in the more professional hands of Sam Kauona, he was free to become instead the high priest of a 'new order' which was in fact an old order in disguise. But in those communities where this double act was still not sufficient to command majority support, at least in any adult generation, the rediscovery of 'chieftainship' provided another solution than the one represented by the resurrection of the 'cargo cult'. During the 1930s, the anthropologist Beatrice Blackwood conducted a thorough ethnographic study of the northern part of the province, where this discovery has been most frequently reported, but while she observed the existence of individuals called *tsunaun* (as distinct from 'commoners') on both sides of Buka passage, she was careful not to translate this term as 'chief' (or even 'aristocrat') because she was unable, even then, to determine the traditional powers which attached to such individuals (1935:48). And there was certainly no evidence that they combined in 'councils' to resolve the common problems of their various communities.

The origin of this particular discovery, I would suggest, is to be found in Fiji rather than in Bougainville, in the same way that Ona and Kauona regarded themselves as Bougainvillean versions of Colonel Rabuka. As if to confirm this point, the 'council of chiefs' has even been adopted by some prominent members of the Sepik community in Port Moresby as the ideal solution to the problems posed by the suspension of the East Sepik provincial government, but the proponents of this novelty have yet to face the fact that there is not the slightest trace of customary 'chieftainship' in most of their communities.

The ethnographic portrait of Bougainville as a whole, like that of other provinces in Papua New Guinea, presents us with no clear picture of the nature of 'traditional authority'. This blurred image of the past has often been interpreted, as it was by Blackwood, as a result of the creation or imposition of new forms of authority under successive

colonial regimes. But it can also be interpreted to mean that there *never* was an enduring pattern or system of political authority in any given area, but only a series or cycle of unstable solutions to a general problem of political disintegration. This is the interpretation to be found in Douglas Oliver's (1971) account of traditional forms of authority in southern Bougainville, and it certainly accords with my own (1990) account of the 'myth of Melanesian communism'.

I should now like to suggest that the story of the Bougainville rebellion is *not* the story of a struggle between two forms of government, let alone the story of a struggle between two nations, but the renewal of an ancient saga which recounts the various solutions to the problem of authority in what Clastres (1977) calls 'society against the state'. Although this latest chapter is constructed out of words and phrases which appear to come from diverse languages, like those of Western liberal democracy or Christianity or neo-Melanesian 'custom', the actual debate about the Bougainville rebellion, by all the claimants to political authority within the province and the nation, seems at times to be no more, and yet no less, than some interminable 'rite of passage', wherein masks and postures, accusations and denials, are adopted and exchanged for no apparent purpose, and with no apparent strategy, beyond the need to prove that leadership is possible despite the absence of the state.

## CHAPTER 10

# THE CURRENT SITUATION ON BOUGAINVILLE

**The Hon. Michael Ogio, MP**

This paper is based on my speech given to the national Parliament of Papua New Guinea on 10 May, one week prior to the conference. Before outlining the factual evidence of events as I witnessed them, I want to make it perfectly clear from the outset that I speak not as an intelligence officer for the government nor an agent of the Bougainville Revolutionary Army (BRA), but as a Bougainvillean. Like my fellow peace-loving people, I desire to see a quick end to the conflict and a stop to the sufferings inflicted on innocent men, women and children of the North Solomons.

After the February to March session of parliament in 1990, I returned to my electorate in the North Solomons at the height of the Bougainville crisis. Shortly before my return the crisis reached the stage where the conflict between the security forces, government officials and the BRA had widened greatly. This resulted in unprecedented killing and torturing of innocent people, many of whom were neither supporters of the BRA nor of the national government, but who became victims anyway. Unconfirmed reports put at close to 1,500 the number of people that may have been killed during this period.

The withdrawal of the security forces and the imposition of the economic embargo on the North Solomons created a new dimension of hardship for the people, as the crisis had already taken some initial toll on the people. Unprepared for the unexpected, the people of the North Solomons were virtually shut off from the outside world, when the embargo came into full effect on 18 May 1990.

The first three months of the embargo were hell, and the people faced a most brutal kind of hardship that can only be equated with a war situation. By then the BRA had assumed total control of the province. Bougainville was divided into three command posts,



Northern, Central and Southern. Each command was headed by a high-ranking BRA official. The people were now subjected to two forces: the impact of the embargo, and the interrogation of the BRA.

Because fighting between the security forces and the BRA during 1989 and the early part of 1990 had prevented the people from making food gardens, during the first three months of the embargo the food shortage was very acute. Trade store goods ran out and everybody had to survive on tapioca and coconuts. Malnutrition claimed the lives of infants, and it was now survival of the fittest. We all had to revert to the bush for food. Within these three months of hardship, everybody made food gardens to save themselves. At the same time, medical supplies on the island ran out, forcing the closure of the Arawa Hospital and all health centres and aid posts.

Malaria and other diseases increased, claiming the lives of many, while malnutrition and the lack of immunization programmes affected the infants. The lack of medicine was probably the biggest threat to the population. Many pregnant mothers experiencing problems during childbirth died due to the closure of all medical facilities. I witnessed many such sad situations. It was either the life of the mother or the new born baby or both. It was indeed a terrible situation.

The second impact on the population was the interrogation, arrest and hassling of people by the BRA. Supporters of the BRA were identified and left alone, while those of us whom they suspected to be pro national government were rounded up and interrogated at the three main command posts. I went through two such interrogations in Panguna, where I was taken. Many people who could not prove beyond any doubt to the BRA that they were neutral were placed under house arrest. Today, they are still under house arrest. Others simply went missing and are still missing.

By then the situation on the island was intolerable, and the people did not know what to do but remain silent in fear for their lives. All the schools on the island had been closed down, as had all the plantations, and all other businesses were either looted or simply collapsed because there was no business to conduct.

The number of deaths that occurred on Bougainville after the embargo was imposed may be greater than the killings that took place during the height of the conflict, because at that earlier stage there was still plenty of food and medicine around. I estimate the total number of

deaths during the crisis and during the seventeen months embargo to be close to 3000 people. It could be more and a realistic account can only be established when the situation on the island is brought back to normal. If a proper head count is made, people will come forward to record deaths that they are aware of or can simply report missing persons.

The agony of displaced families and people is still causing concern today. To restore all business activities on the island, reconstruct the damage done to facilities such as roads, bridges, schools, aid posts and health centres, would cost the country more than K100 million. It will be a long and very costly exercise.

Although some medicine reached Bougainville after the achievement of the Honiara Accord, it was never enough. The national government and the BRA must accept equal blame and responsibility for the hardship inflicted on the population of Bougainville during the period of the embargo. The national government simply dumped the province, and the BRA took control.

The people of North Solomons want peace, they do not want to see any more fighting. The BRA commanders, Francis Ona and Sam Kauona, also want peace and want to participate in new peace accords. This is a welcome sign. However, the situation is still very delicate and needs to be properly handled, if we are to achieve constructive and meaningful dialogue between all parties and create conditions for a lasting solution.

The national government must now deal honestly with the BRA. The best approach is to allow the Bougainville Council of Chiefs to handle the situation on the ground. They have taken the initiative and so far it is working well. To avoid any more conflicts between the security forces and the BRA, it is advisable that the troops on the mainland be withdrawn and stationed on Buka.

The only involvement of soldiers on the mainland of Bougainville should be by way of the Engineering Battalion to speed up reconstruction, or by way of the Defence Medical Unit carrying out work with the Red Cross to re-establish health programmes throughout the province. It is estimated that up to 8000 babies have been born that are in need of immunization. They must be attended to. The people support the process of the Honiara Declaration and will welcome the International Peace Keeping Force to come and supervise the full

restoration of services. The message is that the BRA do not want to fight any more and this is now supported by the people.

Sooner or later the question of immunity from prosecution being granted to the BRA must also be addressed, in order that trust is established between the government and the BRA to commence constructive negotiations and dialogue. All elements of misunderstanding must be eliminated. The sale of the Panguna Copper Mine must not proceed until the Bougainville crisis is resolved and peace is restored.

The experience and causes of the Bougainville crisis must be a lesson to the Papua New Guinea government, to the national parliament, and to future governments and parliaments. We must now properly manage the development and exploitation of our natural resources for the benefit of landowners, Papua New Guineans and the country. Our people must have direct and meaningful participation as shareholders in all natural resource projects in the country. Legislative changes to the various acts governing natural resource developments must be made to incorporate this need. Failure on our part as a government, as a people and as elected leaders, can only lead to more Bougainville-type problems springing up throughout the country.

I would prefer a royal commission of enquiry to be set up. This may not be legally possible, however. A commission of enquiry of some kind on the Bougainville conflict is absolutely necessary, because it is the first time in the country that we have had such a conflict that has developed into a full-scale war between the security forces and a group of militants. This commission of enquiry must have wide terms of reference and must be headed by a judge from outside the country, perhaps from the International Commission of Jurists or a neutral country, to avoid any accusation of bias later. The people of Papua New Guinea have the right to know why the Bougainville conflict developed into a crisis of such magnitude and why so many lives have been lost. The truth must be uncovered and revealed to the people and the country.

I would like to thank the people of Papua New Guinea for the patience they have shown and the protection they have accorded our sons and daughters in their villages and provinces during this difficult period. I also take this opportunity to thank the Australian Council for Overseas Aid and other NGOs for their efforts to assist us in basic

health services for our province. Finally, the churches should be thanked for the prayers and the support they have given for the Bougainville crisis to end. Without these, we would not be witnessing the willingness of both the BRA and the government to now get together and discuss a solution to the problem.

## CHAPTER 11

# THE BOUGAINVILLE CRISIS TWO YEARS ON: AUSTRALIAN POLICY

**Michael Thawley**

Two years ago, on 15 May 1989, a shotgun ambush of workers travelling to the Panguna mine by bus — one of a long line of violent attacks — prompted the closure of the mine. A year ago, the BRA leadership made a unilateral declaration of independence. Conditions on Bougainville make it very plain that neither approach has led to any sort of answer to the problems there.

This conference is timely. It would be unwise after the experience of the past two years to be optimistic that a solution will be quickly or easily found to the crisis in Bougainville. But for the first time in months we are hearing Bougainvilleans from different parts of the province speaking their minds freely. The BRA seems to be reviewing its previous rejection of the Honiara Declaration. The Papua New Guinea government is responding to pleas to deliver goods and services. So there are new opportunities to work towards a settlement.

The historical and cultural factors at work are difficult, and Australia — or any other outsider — is not well placed to be at the centre of such a process. Rather this is a challenge for Bougainvilleans and for Papua New Guinea as a whole. But there is a readiness on Australia's part to make a substantial contribution to a settlement. I will outline three basic elements of Australian policy.

### **Papua New Guinea's independence and sovereignty**

The first principle is that the Bougainville problem is in the first place one for Papua New Guinea. It is a measure of regional respect for Papua New Guinea's sovereignty and independence that external parties have not sought to involve themselves. In particular, Papua New Guinea has not sought Australian intervention, and Papua New Guinea leaders have made very clear they want to settle the problem

themselves. While providing continuing support for the Papua New Guinea government under our aid and defence cooperation arrangements, we have made clear that we would not intervene directly.

The Australian government's position is also a matter of common sense. All of us present here today should understand that Australia cannot construct a solution for Bougainville, much less impose one. The solution to the Bougainville problem must be a Papua New Guinean one if it is to take full account of local views and knowledge. More importantly, a settlement will need strong local support — and informed support — if it is to be carried out and transformed into a lasting solution. We need to recognize that all that might take time.

### **Papua New Guinea national unity**

The second principle is support for Papua New Guinea's territorial integrity. Just before Papua New Guinea's independence in 1975, when some in Bougainville were seeking secession, the then Australian prime minister reaffirmed to the Papua New Guinea chief minister Australian policy that Papua New Guinea should come to independence as one country in accordance with the wishes of the overwhelming majority of Papua New Guinea's elected representatives. Australia would give no sympathy, aid or support in any form to any group in Papua New Guinea working to undermine their country's unity. The Papua New Guinea government has made clear that it is not contemplating Bougainville's secession. Our policy remains as it has been since Papua New Guinea's independence.

In this context, it is worth registering that Bougainville has been electing throughout the 1970s and 1980s people to represent it in the Papua New Guinea national parliament and in its provincial government. These have been people who have been willing to work for Bougainville's interests within Papua New Guinea. The Bougainvilleans who negotiated the Honiara Declaration put the question of Bougainville's status to one side and agreed to work towards a settlement within the Papua New Guinea constitution. One is bound to ask, are these people less representative than those who refused to accept services being restored to Bougainville unless their UDI was recognized? As for the outside world, no government has acknowledged the unilateral declaration of independence.

### **Australia's willingness to be engaged**

The third principle of Australian policy is our willingness to be engaged. Australia has not been indifferent to Bougainville as a regional political problem. As I will mention, we have important interests in a settlement. Neither have we been indifferent to the humanitarian dimension.

We have been and are prepared to help in any practical way that might usefully contribute towards a solution, to provide emergency relief, and to help Papua New Guinea and Bougainvilleans rebuild Bougainville once a settlement has been reached. We agree with the Papua New Guinea government that a lasting settlement cannot simply be imposed by force. We welcomed the Endeavour Accord and the Honiara Declaration, and we have consistently encouraged all parties involved towards a political settlement.

Australia's humanitarian concern for the hardship being faced by the people on Bougainville is one element of our approach. That concern led Senator Evans personally to take the initiative last November to raise with Papua New Guinea and the Australian Council for Overseas Aid (ACFOA) the possibility of Australian non-government organizations delivering medical supplies. The Papua New Guinea government delivered medical supplies donated by ACFOA shortly after the Honiara Declaration was signed in January 1991.

The Australian government has just approved a contribution of \$100,000 for an International Red Cross medical programme which focuses on child immunization and supplies of drugs. We have funded a second visit by NGO representatives to prepare proposals for rehabilitating health services, and NGOs have had discussions in Port Moresby and Bougainville. We hope that we can help the Papua New Guinea government improve medical services for those areas on Bougainville where it has been asked to return, and also provide some medical relief for those under BRA control in central Bougainville.

I want to mention here that it was also our humanitarian concern which led in 1989 and 1990 to our taking up with the Papua New Guinea government reports of abuses committed by members of the Papua New Guinea security forces. We recognized that the Papua New

Guinea government had no option but to respond militarily to a campaign of violence and the refusal of the BRA to respond to Papua New Guinea government offers of talks. We also recognized the pressures the security forces were under and the bitterness which fed on incidents committed by both sides. But the abuses were not excusable, and of course only worsened the situation. It is vital that all parties involved ensure such abuses do not begin again as the security forces help restore services on Bougainville.

Willingness to help on Bougainville also reflects our interest in the future of Bougainville. There were around 2,000 Australians in Bougainville before the present crisis. They were involved with the Panguna mine, associated companies, the plantation sector and, of course, missions. They represented a substantial commercial and personal commitment in Bougainville. I venture to suggest they — along with Papua New Guineans from other provinces — were making a contribution to the development of the province.

As well, our approach reflects our view that a settlement on Bougainville is important to the future of Papua New Guinea. Papua New Guinea has coped well with the economic consequences of the closure of the Bougainville mine and the collapse of Bougainville's plantation economy. I would note in parenthesis the international goodwill on which Papua New Guinea was able to draw in getting economic support from donor countries. The goodwill that Papua New Guinea enjoys is something Bougainville itself can look forward to drawing on as the Papua New Guinea government restores services and when a settlement is reached.

But the resolution of the crisis and the nature of that resolution are important for the political and economic future of Papua New Guinea, and the confidence of the international community in it. Australia has a big stake in that.

For reasons I have already mentioned, we have not sought to intervene directly. In any case, we have a weight of historical baggage which militates against the utility of too direct an engagement in the actual fashioning of a settlement. But our support for a settlement can be a useful factor. And we have made clear that we could be counted on. Immediately after the signing of the Honiara Declaration, the prime minister and Senator Evans said Australia was ready to help facilitate dialogue by restoring telecommunications between the main island of



Bougainville and Port Moresby, deliver medical supplies, and identify rehabilitation needs on Bougainville.

The Australian government also said it was prepared in principle to contribute to a multinational supervisory team provided that all sides were committed to the settlement process and accepted our participation. We made clear that our participation had to be on the basis that the team was *supervising* a settlement and not *imposing* one.

The BRA made very clear very soon after that it did not accept the Honiara Declaration or Australian help. Subsequently, the situation on the ground further changed with the Papua New Guinea government sending in the Papua New Guinea Defence Force in response to appeals from the northern part of the main island of Bougainville to restore services. But we still remain ready to help.

The year-long closure of the modern sector of the island's economy — the mine, the plantations and the commercial, transport and communications facilities that support Bougainville's productive smallholders — will make rehabilitation difficult. It will be some time before services and economic activity on Bougainville can be restored to previous levels. The sooner a settlement can be reached the faster progress will be made. And obviously an arrangement which allowed the Panguna mine to reopen would help Bougainville recover sooner economically and improve the prospects for Papua New Guinea as a whole.

## Conclusion

Finally, our approach to Bougainville has to take account of the fact that the issue cannot be separated from the wider context of the developmental problems affecting Papua New Guinea as a whole. In this regard, one could make a range of points, but I will mention two which are particularly relevant.

The first is that other parts of Papua New Guinea also face very great social and economic difficulties. I do not want to diminish in any way Bougainville's particular problems, which have seen conditions much reduced in what was Papua New Guinea's second richest and second most healthy province. But it is, I think, important for us to remember that some conditions — infant mortality for example — may even now be worse in some other parts of Papua New Guinea, such as

the Southern Highlands Province and, to take a province very close to Australia, in Western Province. That demonstrates the breadth of the problems Papua New Guinea needs to tackle and its requirement for outside support.

The second point is that the enhancement of the capability of key national institutions — such as the various government agencies engaged in formulating policies and carrying them out, the Papua New Guinea Defence Force, and the police — will be as vital for a lasting solution on Bougainville as in finding remedies for other of Papua New Guinea's problems. Our aid program will continue to have this institutional development as one of its main aims.

## CHAPTER 12

# REFLECTIONS ON THE BOUGAINVILLE CONFLICT: UNDERLYING CAUSES AND CONDITIONS FOR A RESOLUTION

Graeme Kemelfield

In April 1990 I presented a paper on the efforts of the Bougainville 'think-tank' to resolve the crisis, which led to the ceasefire of March 1990 (Kemelfield 1990). I had just left Bougainville, on the same plane as the team of international observers (drawn from the diplomatic corps in Canberra and the Commonwealth Secretariat). They had monitored the handing-in of arms by the BRA, and were supposed to have monitored the withdrawal of the Papua New Guinea security forces — whose commanders, however, were following a different timetable and agenda. It was the end of an intensive and ultimately unsuccessful attempt to facilitate a negotiated settlement.

This paper reflects on that attempt at conflict resolution through consultation, redefinition of the relationship between the state of Papua New Guinea and the people of Bougainville, and reconciliation — and seeks to distil a year's reflections on the underlying causes of the conflict and see how they can help us to understand what is still needed for a resolution. For, many deaths and much suffering later, we still await a resolution of the substantive issues.

### **The ceasefire initiative of March 1990**

There were the three main planks of the plan for a resolution at the time of the ceasefire.

The first was that neutral international assistance should be sought in drawing up options for the future political status of Bougainville and its relationship with the state of Papua New Guinea. An initial step was to invite Professor Peter Wallensteen, of the Department of Peace and Conflict Research at the University of Uppsala in Sweden, to act as a consultant to the North Solomons

provincial government. However, what was intended as a lengthy visit was undermined and shortened by bureaucratic delays, and was marred by suspicion. More significantly, the pressure felt on all sides to obtain a ceasefire and the withdrawal of the security forces overrode the primary purpose of the visit, which was to address the substantive political issues which underlay the crisis. An initial proposal was developed in embryonic form, based on the League of Nations settlement for the Scandinavian Aland Islands before World War II. This latter followed consideration by an international Commission of Jurists and a League Commission of Enquiry and eventuated in a constitutional change which granted Aland Islanders the maximum degree of autonomy consistent with the maintenance of the (Finnish) state, amounting to a form of semi-independence. The brevity of Wallenstein's visit, and increasing turmoil following the ceasefire, discouraged consideration of such an idea.

The second plank was that there should be a uniformed multinational peace-keeping contingent invited to create conditions on Bougainville and Buka, in which the people of the islands could consider the options and their implications, free from harassment and intimidation. Strenuous efforts were made to get agreement on that initiative but there was equally strenuous opposition in some quarters in Port Moresby, particularly from the police commissioner and controller of the state of emergency, while BRA leaders were unwilling to accept representation in such a contingent from countries in the region which might have been most willing to respond. The nearest the proposal came to realization was the invitation to international observers to monitor the observance of the ceasefire agreement.

The third and most vital plank was that there should be consultation with the Bougainville people, in the form of a non-binding referendum, through which they could express their preferences to the national government and parliament. That provided no easy solution, but a process through which to begin addressing the underlying issues. In the event, the government opted for direct negotiations at the end of the ceasefire period. This was not properly planned within the terms of the ceasefire, and the departure of the international observer team removed the neutral presence vital to facilitate talks. The delay, which initially occurred at the request of the BRA (to curb undisciplined elements within their ranks) and subsequent disagreement over the

venue and timing for talks, led to a series of manoeuvres and events which resulted in deepening mistrust, bloodshed and suffering in the population at large.

In many respects the Honiara Declaration and what followed in January 1991 brought matters around full circle to the point where these initiatives had been broken off in March 1990 — demonstrating the continuing need for what became known as a multinational supervisory team and for finding the means to address and negotiate over substantive issues in such a way that the people of Bougainville could freely express their political will. All this took place in the context of an intricate national government power game of withdrawing and restoring services, linked to a strategy of reasserting military control, and with the BRA leadership unable or unwilling to curb the violent and unpredictable elements within its ranks, or to transfer genuine power or political expression to a civilian leadership.

### **Long-term resolution of the conflict**

I suggest that, to achieve any solid long-term resolution, we still need four things.

- a) Substantive negotiations over the political status of Bougainville. This is critical if the conflict, with its horror and hardship, is not to erupt again and again.
- b) A form of consultation with the people to legitimate any agreed outcome. It is arguable that, following the first declaration of Bougainvillean independence in 1975, the resolution contrived in 1976 through the institution of provincial government was never fully legitimated in the minds of many people, and left lingering frustration which erupted in 1988-89. An indelible first impression which I retain from arriving in Bougainville in 1978 is the force of grievance which I heard expressed in rural areas of central and south Bougainville concerning leaders who were perceived to have 'sold out' in 1976, particularly those who had not explained the reversal of their stance, after preaching secession, in enthusiastically embracing the option of provincial government.

- c) A peaceful environment to ensure that consultation can occur. This may only be possible through an international peace-keeping and supervisory presence.
- d) Effective mediation in any negotiations by a neutral third party, as well as mechanisms for the monitoring and arbitration of any disputes which subsequently arise. Lack of such a mechanism contributed to the breakdown of whatever commitments were agreed at the conclusion of the Endeavour and Honiara agreements.

Some Australian media tend to promulgate analysis in terms of immediate strategies of winning or losing a struggle — so we read headlines such as ‘How Papua New Guinea won Bougainville by Sanctions’ (Rowan Callick, *Australian Financial Review* 25 January 1991). This is short-sighted. There is an imperative need to look at deeper underlying social realities and explanations of events if we are to see what is at stake. What follows might be described as preliminary observations towards a thesis which might reward more intensive study.

### **Underlying causes**

As a starting point, I propose that we look in more depth at the impact of large-scale mining, and suggest three key aspects of that impact.

(1) Mining largely created the significance of Bougainville for Papua New Guinea. Listening to the reminiscences of those who remember Bougainville before the coming of BCL, it is extraordinary to hear the extent to which Bougainville was seen as part of the Solomon Islands, in terms of geography, people, and trading links which extended well beyond the Western Solomons. Such evidence needs to be weighed apart from any ideological fiction for secessionist propaganda. The anthropologist Douglas Oliver called his study of the Siwai of Bougainville (the result of fieldwork in 1938-39) *A Solomon Island Society* (Oliver 1955). It is also instructive to look at maps of what is now Papua New Guinea in the frontispiece of books published earlier, and to observe how frequently Bougainville is omitted. The Australian War Memorial in Canberra commemorates the Bougainville Campaign in World War II separately from, and alongside, those of

Papua and New Guinea. The origins and organization of the Catholic Marist mission, as well as the Methodist and SDA missions, reinforced that perception, coming as they did from the Solomon Islands, and recognizing Bougainville as an integral part of their Solomon Island missionary endeavours. For the Australian administration, Bougainville seems to have been a backwater of the Territory of New Guinea until the coming of CRA.

With the advent of the copper mine, however, Bougainville became suddenly an essential part of the Territory, and then of the independent state of Papua New Guinea, and the foundation of its economy. There was a fundamental change in perception; the influx of migrants brought home the reality of that change. However, it might be argued, there was no corresponding sudden change in the consciousness of much of the population. In fact, for many people the effect was to sharpen their sense of distinct ethnicity.

(2) Mining has had a significant impact in heightening ethnonationalism. Anthropologists such as Oliver and Eugene Ogan (who worked among the Nasioi of Kieta) have tried to reconstruct the development of layers of consciousness and identification in the people of Bougainville. Beginning from an awareness of belonging to small local groupings, through a new consciousness of belonging to larger named groupings (Siwais, Kietas, Bukas, Buins), people moved to a wider recognition of being Southerners or Northerners, and finally to a sense of a pan-Bougainville identity, as a result of plantation and school experience and colonial administration. In the process of 'constructed' ethnicity, through the extension of social and territorial boundaries, individuals are able to maintain various layers of identification simultaneously, one or another being dominant according to context and circumstances. Yet anyone familiar with life in Bougainville could hardly doubt that there is today a persistent sense of being a distinct people in contrast to other Papua New Guineans. This sense has been heightened by the impact of mining: what Nash and Ogan (1990:9) characterize as 'burgeoning ethnic identity in direct response to a new colonial experience, that of dealing with multinational mining interests'.

All the conditions analysed in studies of ethnic identity are present in Bougainville. Among the most prominent are the following.

**The central role of land.** As Sack has written, land 'plays an emotional key role ... a traditional group is a union of people with land' (1974:200). The loss of land through the intrusion of mining, environmental damage and the fear of future land shortages, are recurrent themes of Francis Ona and the Panguna landowners, with prophecies of wider dispossession if mining were to be extended. A deeper vein is that of the landowners' sense of inherent ownership of, and rights to, natural resources, in opposition to the state's claim to ownership of minerals below the surface.

**Large-scale immigration.** Migration resulted in Bougainvillean feelings of being swamped by thousands of 'outsiders' drawn from throughout Papua New Guinea, through the construction phase and subsequent operations of the mine, and the economic opportunities which followed. Bougainvilleans were outnumbered in the new mining towns of Arawa and Panguna. The growth of squatter settlements focused attention on the issue and the resentments which it fostered. It heightened the process of ethnic differentiation and opposition, whereby 'they', the outsiders, came to constitute in Bougainvillean consciousness a threat to the whole society and way of life. The stereotypes of others' character and behaviour, and the specialized vocabulary ('blackskin'/'redskin') typical of ethnic opposition, are all present.

**Perceived economic exploitation.** It has been observed that a region which contributes more than it receives to the income of the undivided state is typically prone to ethnic-based opposition and secessionist militancy, compounded of 'collective anxiety' and a desire to end perceived exploitation. Bougainville's preindependence district commissioner (and later provincial premier) Alexis Sarei asked 'are we a fat cow to be milked for the rest of the country?'. He echoed the Basques who likened Spain to a cow being fed by the Basques but milked in Madrid; and the slogan of another mining-based ethnic conflict, 'Katanga — milk cow for the whole Congo'. The issue of adequate compensation has recurred constantly since the mine was imposed on Bougainvilleans by the Australian administration, through to Ona's demands which



precipitated the present crisis. The foreign ownership of the mining company adds a further element to ethnic opposition.

**Repressive police/military action.** Studies of ethnicity note that repressive action also plays a part in strengthening ethnic identity systems. The marked sense of ethnic discrimination often displayed by the Papua New Guinea security forces in dealing with black-skinned Bougainvilleans, in language and in action, have strengthened perceptions of 'Bougainvilleans' and 'Papua New Guineans' constituting separate peoples.

(3) Mining has brought awareness to much of the population, of the reality of the power of the nation-state. Richard Jackson observes that for the most part central government rule and intrusion into rural communities in Papua New Guinea is indirect and light, so that conflict is for the most part avoided. Contention over the 'legitimate' ownership of mineral resources and the coming of riot police and soldiers to protect the mine, made overt what was previously hidden, and suggested an unequal relationship. In Jackson's words:

Unfortunately, the development of mining projects in Papua New Guinea cannot take place indirectly or in a discreet fashion, but must necessarily raise direct questions concerning the ownership of resources and the locus of political control; it must inevitably lead to confrontation between the government extending its control and local people and their resources which were previously, at best, on the margins of the state's control system (Jackson 1992).

Jackson addresses the role of the state as 'protector'. At the heart of the immediate conflict has been a new perception of the state as a powerful and threatening force intruding from outside, rather than a generally benign source of welfare and 'development'. The attempt to project the military as both the armed instrument for imposing the will of the state, and at the same time the protector of the people and distributor of goods and services, has left a massive confusion which has been compounded by comparable ambiguity in the role of the BRA.

### **The relevance of self-determination**

To discern the roots of an impulse to secession in the soil which fosters a powerful group consciousness may be the beginning of a deeper understanding of the Bougainville conflict. It enables that conflict to be placed within the context of numerous assertions of ethnicity and ethnonationalism in the contemporary world calling out for the development of international regulatory mechanisms to facilitate just and non-violent forms of resolution. We live in a world which emphasizes concepts of 'national unity' and 'territorial integrity' rather than consciousness of ethnicity among formerly colonized peoples. Yet this can readily create a gap between the social reality and the idealized fiction of the unified nationstate as 'one country, one people'. Papua New Guinea is clearly a highly diverse multi-ethnic state, and the earlier post-independence slogan of 'unity in diversity' might still serve it better. It would recognize the new kinds of political relationships which the country will need, where an ethnic group becomes an unwilling partner in the state.

In seeking the terms of a just resolution, the critical concept should be self-determination. The concept is appropriate, first, because it embodies a fundamental human right, which some consider underpins all human rights. It is also appropriate because it embraces both the notion of internal self-determination, involving the choice of forms of autonomy within the state, and the notion of external self-determination, involving wider freedom to choose new and more independent relations with the parent state and other states. The concept can thus provide a negotiating framework in which the interests of all the parties to the dispute can be addressed. An article in *The Times of Papua New Guinea* earlier in the crisis challenged the concept by asking 'Which Self; What Determination?' (Jim Griffin, 4 October 1990). It raised the valid issue of how the people of Bougainville could be adequately represented in any determination of their future and the expression of their political will. The question is not easily answered in present circumstances, and it underlines the need for conditions to be restored in which options can be fairly considered and some form of referendum conducted. What needs to be restated is the importance of the population being allowed to express its political will and to

determine freely its future relations with the state of Papua New Guinea. This requires greater trust in the people than either the Papua New Guinea government or the BRA has hitherto granted them. But equally essential is recognition that there *is* a 'self', a recognizable people able to determine their future. To arguments concerning deep-seated internal divisions in Bougainville and Buka islands, one might cite the evidence of recent archaeological discoveries concerning the Mayan people of South America: the research suggests that the Mayan people — hitherto regarded as embodying all the signs of peaceful and cultivated life — in fact destroyed themselves in fratricidal strife; yet nobody doubts that they were a *people*.

It is the existence of the people which must be acknowledged in Bougainville, for it is they who have rights, must find their own voice, and ultimately be willing members of the state to which they belong. Only with their consent can the conflict be resolved. It is difficult to see how else a healing process and a lasting resolution is to be achieved.

## CHAPTER 13

# A BOUGAINVILLEAN PERSPECTIVE ON THE CRISIS

**Moses Havini**

I am speaking on behalf of my people, who at the time of writing, are suffering one of the most brutal and inhuman situations in the Pacific since the carnage and pillage of World War II, as a result of the total sea, land and air blockade of the island and people of Bougainville, enforced by the Papua New Guinea Government and carried out by its military since April 1990.

The Bougainville crisis is only one of the many catastrophes taking place within our Pacific region which are being brushed aside as not commanding any serious attention. The political questions of East Timor, West Papua and now Bougainville are serious issues. Continuous nuclear testing in the Pacific could easily become another Chernobyl, yet we the peoples of this region and our governments are not forceful enough in addressing these deteriorating issues. People are suffering as a result of fighting, deprivation of life-saving medical supplies and services and political strangulation from aggressive governments. Repressive and aggressive governments in the region must become the concern of stable democracies such as Australia.

The crisis which started in mid 1988 is now three years old and to date there still seem to be no positive signs on the horizon of a solution. Whether or not this is indicative of the 'Melanesian Way' of dispute settlement (which often takes days, weeks and months to achieve consensus, but in this case years) it raises serious questions as to whether Papua New Guinea is intellectually capable of taking part in conflict resolution. There are in fact no encouraging signs that Papua New Guinea has any serious intention of peacefully resolving the issue. Coupled with this is the fact that the leaders of the government are apparently not capable of honouring any contractual obligations. This is evidenced by Papua New Guinea's gross violations of the last two Peace Accords.

### **The Endeavour Peace Accord, August 1990**

Our first attempt at arriving at a peace settlement took place under the Endeavour Peace Accord signed by the two parties on board the New Zealand supply ship *Endeavour* in August 1990. While the process of trying to implement its instruments was ongoing on Bougainville, the Papua New Guinea Defence Force (PNGDF) which was still on the Bougainvillean island of Nissan 60 kms north of Buka (when they withdrew from Bougainville in February-March 1990, it was supposed to be a complete withdrawal), responded, independently of the Papua New Guinea government to a request by the so-called 150 signatories from Buka Island, who selfishly wanted them for personal protection from roving rascal gangs.

The PNGDF re-invaded Bougainville through Buka in late September, thus violating all the instruments of this first peace accord. This re-invasion, called 'Operation Cleric', has been responsible for a new escalation of deaths on Bougainville, with the torture and extra-judicial execution of Buka people by PNGDF soldiers. Villagers have also lost homes burned by the soldiers in pursuit of the Bougainville Republican Army (BRA).

### **The Honiara Peace Declaration, January 1991**

During the period between the invasion and January 1991 a second peace attempt was made through the involvement of the government of the Solomon Islands and their emissary, Bishop Leslie Boseto. A vital part of this new instrument was the reintroduction of services onto Bougainville through a Bougainville Task Force. This second peace attempt also resulted in the technical lifting of the blockade — technical in the sense that not all services were immediately allowed to Bougainville and that the meagre trickle of essential items such as medicine were still heavily regulated by the Papua New Guinea authorities. Vital items such as nails and petrol were still prohibited lest they be used by the BRA for their own purposes.

While the Honiara Accord was still in the process of implementation, on 13 April 1991 the PNGDF, supposedly without the knowledge of cabinet, staged their second invasion across Buka Passage and into the north of Bougainville. This operation was called

'Operation Bung Wantaim'. There was no aggression from the BRA and the invasion was unprovoked and uncalled for. During this period the BRA was strongly advised by its leaders to honour the Honiara Peace Declaration and to cooperate in its implementation.

### **Bougainville a victim of Papua New Guinea's gross violations**

There seems to be no clear direction from the Papua New Guinea government, and with such indecision the armed forces no longer wish to take their orders from the government of the day. The government does not wish to rock the boat as it would not like to be faced with another attempted coup from the Defence Force. The scenario is one of a ship captained by all on board, with no charted course and heading only in one direction, down under. While one would like to maintain some degree of optimism for Papua New Guinea, one cannot help but see a society heading towards total chaos. The fear in Bougainville is that our people could be dragged along the same path to inevitable disharmony.

Bougainvilleans have been enraged by the grave human consequences of the situation created by a supposedly educated leadership. The brutal and barbaric atrocities suffered at the hands of the Papua New Guinea troops on the ground on Bougainville have resulted in deaths unprecedented since the Second World War. Thousands and thousands of our people have died as a direct result of the economic blockade of the island, which prevented supplies of medicines vital to life. Thousands also died from the deployment of the army on the island. More than 3000 Bougainvilleans have died from preventable diseases as a result of the blockading of medicine from the island, and more than 8000 to 10,000 children aged one to four years have been deprived of immunization. The prevention of medical treatment to children is another crime that Papua New Guinea must be accused of.

Those responsible for these barbaric acts should be condemned by the international community. They are in violation of both their national and international responsibilities, under the Universal Declarations of Human Rights and Obligations, and must certainly stand accused before the eyes of the world for such gross violations of

the right of a people to life, liberty, security and the right not to be subjected to torture, extra-judicial execution and other forms of inhuman treatment.

It seems that tribal culture has now been transferred to the Papua New Guinea military when let loose on Bougainville, this time not with bows and arrows but with machine guns and helicopter gunships. This has been responsible for endless misery. Yet our neighbours have chosen to overlook this horror. Certainly no one likes to hear gory details of a conflict but in this case they must be pointed out. Bougainville has been one big graveyard since 1989, stretching from Buka to the southern end of the main island: people dying in the fighting, mothers dying in childbirth, men and women dying from preventable diseases and people 'disappearing' while in the hands of the Defence Force, the BRA, or the Buka Liberation Front.

I visited Bougainville during January 1991 and saw for myself the misery suffered by the people. Papua New Guinea's preference to mount a blockade rather than pursue a consultative process has resulted in a slow form of genocide. While international assistance was readily available in similar situations overseas, our neighbours, though very much aware of the gravity of the Bougainville issue, were and are still very slow to react to this catastrophe close at hand.

### **Bougainville nationalism**

Much has been written about the sociopolitical situation on Bougainville and on its people: favourable, not so favourable, critical and also damning. But no one really knows the lot of the Bougainvilleans better than they do themselves. Dr Colin Filer of the University of Papua New Guinea argues that Bougainvilleans are no different from the rest of Papua New Guinea and that the only thing that makes a difference historically, politically, socially and economically is the massive hole in the middle of the island (Filer 1990). But if the same thing that is happening on Bougainville had happened in the province of New Ireland, would Papua New Guinea have instituted a blockade? I think not; they would not do this to their own people.

Today's political problem on Bougainville is the result of political bungling by the imperialist governments of Germany and

Great Britain in the 1800s, during their rush for colonies in the Pacific. During this period the Pacific region was carved up between Britain, Germany, France and Holland, with no regard whatsoever for the wishes of the indigenous people of this region.

Real estate and political horse-trading then went on between these governments, exchanging properties and peoples to suit themselves. It was during one of these exchanges that the people of Bougainville became wrongly lumped with a people not of their choosing when, by the Anglo-German Treaty of 1899:

Germany renounced and recognized as falling to Great Britain those of the Solomon Islands, at present belonging to Germany, which are situated to the east and southeast of the island of Bougainville, which latter will continue to belong to Germany, together with the island of Buka which forms part of it.

The above treaty was executed so that certain territories in Samoa and others which were in the hands of Germany could be released to Britain in exchange for agreed title to Bougainville and Buka. Thus began our political nightmare. Our people have always held that they have never formally ceded their sovereignty to anyone, including to the government of Papua New Guinea.

Despite the colonial boundary the people of Bougainville have not lost their kinship with the people of the Solomons. They have continued to maintain this kinship through links of marriage, culture and race. Our people have never felt any kinship with the people of Papua New Guinea who are very different to them in terms of their race. Our people too have always objected to outside interference, going back to the days of blackbirding.

I disagree with Dr Filer that there is no Bougainvillean nationalism and argue that there is a *prima facie* case for Bougainville being separate from Papua New Guinea. The infrastructure necessary for running a democratic entity on Bougainville is in place. Given the chance, Bougainvilleans would in no time be able to run a properly instituted democratic system; we have the manpower available to do it.



## Prospects for peace

We desire peace and we are not altogether and completely bent on war. We want peace to be established between us, Papua New Guinea and our other neighbours. In spite of Papua New Guinea propaganda that our people have never honoured the peace accords, it must be stated that we have never been the first to violate them. Neither Francis Ona nor Sam Kauona has ever refused to negotiate. The two told me, when I met with them in January 1991, that they uphold the instruments of the peace accords. Both men also said that they would be prepared to be part of a team to renegotiate the Honiara Declaration, as long as the venue is on Bougainville.

Unless Papua New Guinea also follows closely the directions of the Honiara Agreement, the problem on Bougainville will go unresolved for a long time. Critical to the Honiara Declaration is the use of a multinational supervisory team, to which (and only to which) the BRA would surrender their arms. This is where our neighbours such as Australia, New Zealand, the Solomons and Vanuatu could come in and take a positive role.

Our people have been very suspicious of Australia because of the way in which it indirectly contributed to the worsening and lengthening of the war on Bougainville. But our people would like to see Australia play an active and much more positive role in the resolution of the conflict on Bougainville. I do not want to completely damn Australia and so would thank the Australian government for the way it has been able to help indirectly in meeting the humanitarian needs of Bougainville through assistance to the NGOs.

For some time the BRA has been in a position to re-equip itself, and from my own observations when last on Bougainville, I believe that with the BRA strengthened the fight could go on indefinitely.

Unless the Honiara Declaration is implemented, the Papua New Guinea-Bougainville theatre of war will not change from what it was in 1989-90. When the guerilla war was in full swing at that time, the entire area of Bougainville remained fully serviced. The people had hospitals, they had medicine, they had food, they had everything. It is not the case today, and my insistent call has been that all parties get to

the negotiating table so that a genuine resolution of the conflict can be found without delay.

At present Papua New Guinea is trying to use the 'band-aid' method to solve the crisis. In other words, the prime minister is saying, 'We are capable of solving the problem ourselves, we have been able to get the consent of chiefs from point A and point B, and so on'. I would like to dispute this, because chiefs from point A and point B are part and parcel of the current crisis and they are in no position to come forward and contribute towards settling it. All they want is restoration of normal services such as medicines, clothing, etc. which have been barred from them, not by the BRA, but by the Papua New Guinea government.

The Interim Government and the BRA leadership must be involved in resolving this issue. Unless they are made part of the process the picture is unlikely to change for a long time. This needs to be pointed out because Papua New Guinea's prime minister is trying his very best not to include the Interim Government and the BRA in the resolution of the conflict. It should be remembered, too, in future discussions that the future of the Panguna copper mine is in the hands of the landowners on Bougainville and not necessarily in the hands of CRA or the Papua New Guinea government.

### **Our political direction**

There is not a shade of doubt that the people of Bougainville stand firm and together to eventually achieve their political independence. Never before has the people's solidarity been so firm as in the last three years, fighting with the government of Papua New Guinea.

As espoused in the Universal Declaration on the Rights of Indigenous Peoples, all indigenous peoples and individuals are born free and are equal to all other peoples and individuals in dignity and rights, in accordance with international standards. Indigenous peoples have the right to self-determination, by virtue of which they may freely determine their political status, pursue their own economic, social, religious and cultural development, and determine their own political institutions.

Claims to independence within states are increasing at an alarming rate. Great powers are now crumbling all over the world as

they can no longer withhold the legitimate rights of individual nation-states and peoples. Small nation states have been increasing in numbers, and countries such as Papua New Guinea who are faced with this problem must quickly come to grips with it. Self-determination struggles by some seceding states have already received recognition on the world stage. While it may be a concept that frightens governments, it could also serve as a stabilizing factor in relations between states and peoples.

The desire of the people of Bougainville to have their independence has been expressed for several decades. The Papua New Guinea government in trying to hang onto the *status quo* as a necessary prescription for peace is now living in a fantasy, similar to that indulged in by the government of Indonesia. Together they have become modern-day imperialists within the Pacific, claiming territories that clearly do not belong to them geographically, socially or politically.

Self-determination has now been accepted by some modern-day states as not necessarily a 'threat' but as an opportunity. In Europe and in Africa, some affected governments have preferred to talk rather than to continue with armed conflict. The European and African experiences have shown clearly that use of the military has not succeeded in breaking down the determination of people fighting for their political independence.

Bougainvilleans in pursuing their independence are also directly questioning the legitimacy of the political system of Papua New Guinea and its ability to provide a conducive framework for social and political change in the country. As Papua New Guinea has clearly not been able to provide a happy social framework for its own people (in view of the rise in law and order problems), the chance of it providing an acceptable political atmosphere for the people of Bougainville is very remote. It is therefore an open-ended question which should be approached by Papua New Guinea in an innovative way as the people of Bougainville pursue political change.

## Conclusion

The Bougainville situation is unique and will continue to be so. That must be appreciated in efforts to reach a satisfactory solution to the crisis. The people of Bougainville are clearly not going to return to the

old *status quo*. The government of Papua New Guinea indirectly aided our bid for independence by fighting a war against Bougainville in 1989, by imposing of an economic embargo against Bougainville, by re-invading and by subjecting our people to inhuman treatment.

The independence of Bougainville which was first proclaimed on the 1st of September 1975 and again on the 17 May 1990, is not illegal under international law, and neither international law nor the United Nations Charter forbid independence gained through armed rebellion. Although our independence is yet to be accepted on the world stage, the people of Bougainville have recognized and given this political independence to themselves.

## CHAPTER 14

# THE NEED FOR A MULTINATIONAL SUPERVISORY TEAM ON BOUGAINVILLE AND BUKA\*

Matthew Spriggs

The Multinational Supervisory Team (MST), an international peace-keeping force by any other name, was one of the terms of the much-maligned Honiara Declaration of 23 January 1991. This agreement was soon declared dead and buried by a number of distinguished commentators, from Bernard Narokobi, who was one of the Papua New Guinea signatories, to most journalists with an interest in the region.<sup>1</sup> But like a punch-drunk phoenix the Honiara Declaration keeps

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\* This paper was delivered at the Bougainville 1991 Update Conference as the last paper of the day. It benefited from points made by the earlier speakers but was given substantially as written immediately prior to the conference. Subsequently I have the benefit of hindsight not shared by most of the other contributors who submitted their papers for this volume either on the day of the conference or within a month of it taking place. In deference to them and the moment, I have decided to present the paper almost exactly as originally written. It addressed the issues as they appeared to me on 17 May 1991, at a particular moment of the Bougainville crisis. One of the benefits of being an editor, however, is having the last word before a volume goes to press. In a postscript I consider how much the situation has or has not changed since May.

<sup>1</sup> Pertinent statements include those of Rowan Callick: 'The sinking of the Sankamap initiative' (*Pacific Islands Business*, March 1991) and 'Many losers in Bougainville debacle' (*Australian Financial Review* 12 March 1991); Mary Louise O'Callaghan: 'Relief shortlived as Bougainville rebels rewrite settlement script' (*Sydney Morning Herald* 27 February 1991) and 'Bougainville's thorny peace' (*Melbourne Age* 4 March 1991); Greg Austin: 'Bougainville peace treaty is facing a rocky future' (*Sydney Morning Herald* 16 February 1991); Roy Eccleston: 'PNG peace deal looks to be sunk' (*Weekend Australian* 23-24 February 1991); and Sir John Guise: 'What are the implications of the Honiara Declaration?' (*Times of PNG* 7 February

rising from the ashes. Why? Because it is the only agreement there is, and if it is *not* in large part implemented there is unlikely to be another without terrible bloodshed.

The MST is one of the key provisions of the Declaration. Among the 'Principles' accepted by both sides was that:

We agree to accept external assistance including a Multinational Supervisory Team (MST) to contribute to the implementation of this Programme under the framework determined in this Declaration.

The national government undertook to 'organize a Multinational Supervisory Team to participate in this Programme' of restoration of services. The Bougainville side 'disarms the BRA, BLF and its associated militant activities, including the surrender<sup>2</sup> of arms under the supervision of the Multinational Supervisory Team' and also agreed to 'guarantee the safety and welfare of members of the Multinational Supervisory Team'.

The mention of the BLF (Buka Liberation Front) is interesting as elsewhere in the Declaration it is stated that the document 'does not for the time being include the programme of restoration of services undertaken by the National Government on Buka and adjacent islands', but also that 'the National Minister for Provincial Affairs shall determine and reconcile the relationships between these two programmes on advice from the Legal Authority in Bougainville'. This would seem to give considerable powers of discretion to the designated minister.

The coalition of disparate forces called the 'national government of Papua New Guinea' includes as current minister for Provincial Affairs, Father John Momis, who is also designated as being in charge of the Bougainville Task Force overseeing the restoration of services to

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1991. See also 'Narokobi says peace plans will not work' (Wally Hiambohn, *Post-Courier* 15 February 1991) and 'Bougainville pact worthless says Namaliu' (*Canberra Times* 27 February 1991).

<sup>2</sup> The actual text as signed reads 'surrender and destruction'. Two days after the signing Joseph Kabui, Leader of the Bougainville Delegation, wrote to Sir Michael Somare pointing out that this wording did not reflect agreed changes to the draft text and had been left in the final document in error. The Papua New Guinea government has never contradicted Kabui's assertion.

the island. Father Momis strongly believes in the necessity of getting the MST on the ground, particularly since the landing of Papua New Guinea troops on North Bougainville in April 1991 and the consequent potential for further armed conflict.

Defence Minister Benais Sabumei, on the other hand, buoyed by the so-far unopposed landing of the troops in the north, considers that the MST is no longer necessary. This view is perhaps shared by Prime Minister Rabbie Namaliu who gave a joint press conference with Sabumei on 28 April 1991 where he stated that, 'There may be no need if this rate of progress continues, and if on both sides we demonstrate that we are both committed to achieving a peaceful solution' (quoted in the *Melbourne Age*, 29 April 1991). A few days after the press conference, however, a representative of the Commonwealth Secretariat, who had been asked by the Papua New Guinea government to advise on the MST, flew to Arawa to meet with rebel leaders Francis Ona and Sam Kauona. They both expressed support for the MST, as have various regional BRA commanders since. A change of heart on both sides. The phoenix has risen again.

Some of the comments made recently by Sabumei and Prime Minister Namaliu give the idea that the 'battle' for Bougainville is almost 'won', with BRA support dwindling, ground being regained, and so on. Graeme Kemelfield (in this volume) has commented on this short-term mentality, the delusion that things will be 'won' or 'lost' on Bougainville in some easy and decisive manner. The problem involved is overconfidence, a disease that has affected both sides during particular stages of the conflict. The overconfidence of BRA leaders started when the PNGDF withdrew in March 1990 and lasted through to about February 1991. Too hard a line on conditions for peace, pitiful diplomatic skills, and a too-clever 'swagger' for the media by figures such as Sam Kauona led to widespread dissatisfaction on Bougainville, and encouraged hardliners in the Papua New Guinea cabinet to try to scuttle the peace attempts.

Following the redeployment of PNGDF troops on northern Bougainville, the overconfidence shifted to the Papua New Guinea government. It ought to be remembered that the 300 or so soldiers in the north are facing an estimated 1200 armed rebels of the Northern BRA Command. Their unmolested presence so far is through the choice of the BRA, sensitive to local village feeling, to allow in

supplies and services unmolested. One fanatical BRA, one drunk or bitter soldier, a shot fired and open warfare could be on again. While a peaceful PNGDF presence in the north and even the southern part of Bougainville might be tolerated in the short term, any attempt to enter the more committed and heavily-armed BRA heartlands round the Panguna mine at this stage will inevitably bring the entire island back into the war theatre. That there is no military solution possible to end the crisis is a view stated many times, but it seems that the apparent 'victory' in northern Bougainville may have made some sections of the Papua New Guinea government forget this fact.

There are two main versions of why Papua New Guinea agreed to a ceasefire and withdrew troops and police from the province in March 1990. The BRA version is that they had won. They were carrying the war from the countryside into the towns and were about to overrun the PNGDF base camps. The Papua New Guinea version is that the government was responding to mounting national and international pressure over human rights abuses by the PNGDF and so reined in 'the dogs of war' (Bernard Narokobi's phrase).

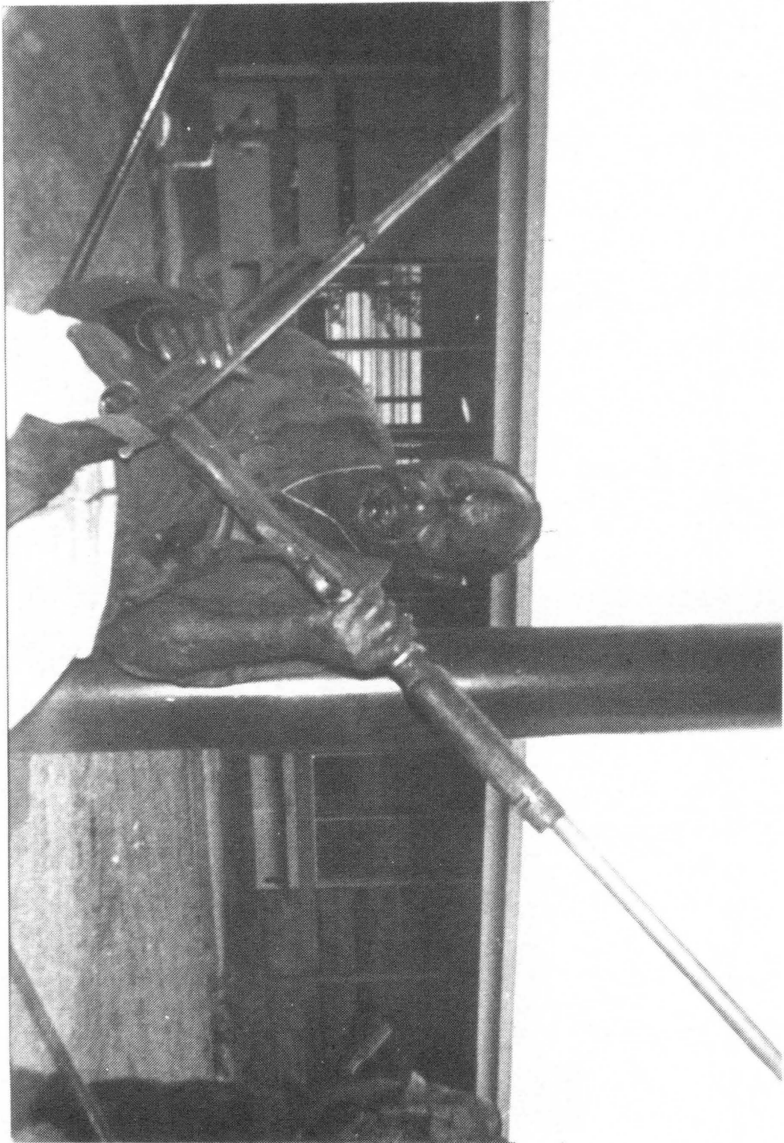
Whichever version is true, no-one can deny the extremely effective guerilla tactics the BRA used during the 1989-1990 fighting. It would be most unwise to write them off now as a spent force. If the government version is true, we have to ask what has changed since? Is the PNGDF capable of such human rights abuses again? Despite recent talk of a 'hearts and minds' campaign, there is little evidence that if faced with a combat situation the army will not revert to its previous behaviour towards the civilian population. Continuing problems of discipline can be seen in incidents such as the recent trashing of an Air Niugini plane at Rabaul by drunken soldiers returning from Buka (*Post-Courier* 15 April 1991). The full story of the PNGDF's campaign on Buka from September 1990 onwards will doubtless eventually come out. Already there are claims that human rights violations by the security forces at least equalled and may have exceeded what had happened previously on Bougainville. Such claims appear to be supported by televised eyewitness accounts of summary executions of BRA supporters on Buka (ABC Television Programme, 'Blood on the Bougainvillea', 26 June 1991). The soldiers who took part in the 1989-1990 human rights abuses have not, with one possible

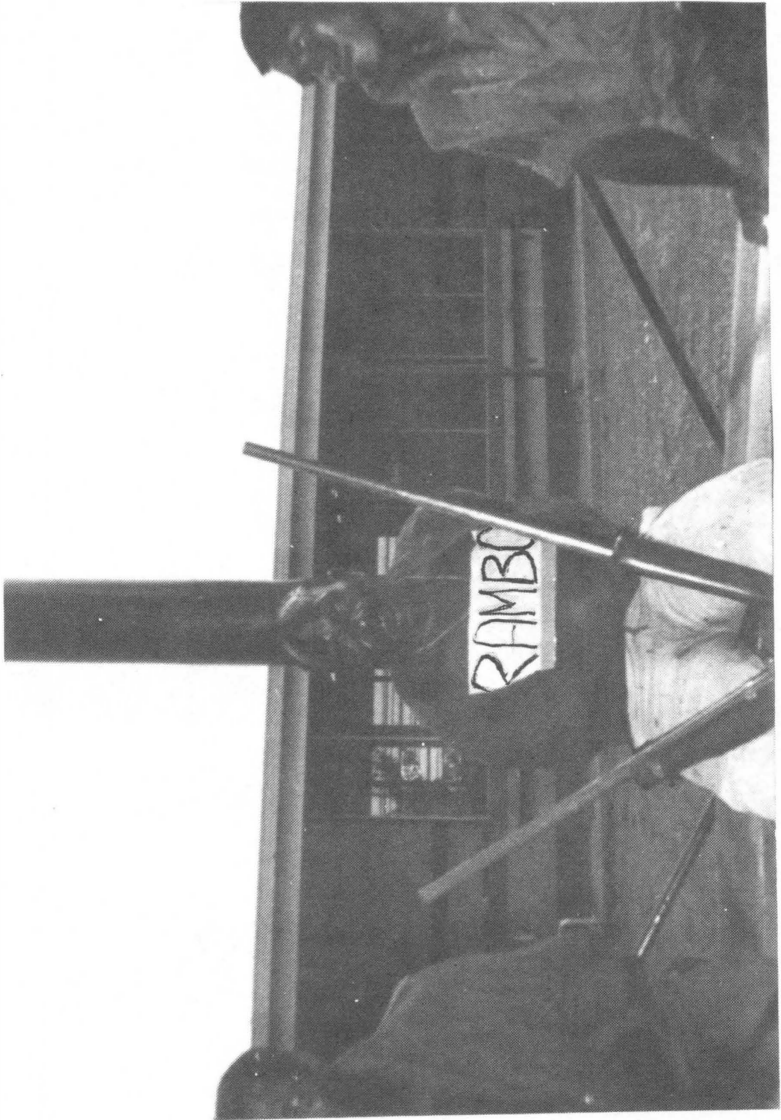


exception, been disciplined. They are still presumably in the Defence Force and quite possibly stationed on Buka or Bougainville.

Let us remember Aloysius Minitong, a Bougainville farmer accused of BRA membership (Plate 1). In this and subsequent pictures he is shown being humiliated by Papua New Guinea troops, forced to hold captured shotguns and a label saying 'Rambo' (Plate 2). The PNGDF referred to the BRA as 'Rambos', after initial BRA demands had been signed by groups with names such as 'Rambo 1' and 'Rambo 2'. The pictures were taken by a soldier at Panguna, possibly at Camp 10, soon after Minitong's arrest on 7 December 1989 and prior to his death in police custody on 28 December of that year, apparently from pneumonia. The Amnesty International report of November 1990 includes some details of Minitong's treatment at the hands of the PNGDF:

According to reports, Aloysius Minitong, was held briefly at Boku Police Station, where he reportedly received injuries as a result of beatings by members of the PNGDF. After being transferred to Army Camp 10 at Panguna, he was said to have been beaten and kicked until he lost consciousness. He was taken to Arawa General Hospital on the same day where he received treatment for minor lacerations to the forehead, right eyebrow, lips, right hand and left foot. According to a hospital official, he was "subsequently withdrawn from the hospital by the PNGDF without medical clearance and against medical advice." From the hospital, he was taken to the Joint Forces Headquarters in Arawa where he received further beatings and then to the Arawa Police Station. Though seriously ill, he received no medical attention there and was made to sleep without bedding on a concrete floor (Amnesty International 1990:25).





Amnesty International did not have access to these pictures when they produced their report. The facial injuries visible on the photographs are consistent with Minitong's reported condition on admission to Arawa hospital, and thus they form important corroborating evidence. Also important, however, are the soldiers who are visible on the photographs. In Plate 2 who are the men to right and left of Minitong, posing with the victim? In the Plate 3 closeup who is the soldier just behind him? In Plate 4 who is the soldier standing guard in the courtyard? The PNGDF is not a large organization. These people are recognizable and should be identified with a view to court action.

One reason the MST is urgently needed is to protect Bougainvilleans from such incidents recurring in a situation where further PNGDF intervention is an ever-present threat. Another reason is to prevent intimidation of witnesses in the necessary investigations of human rights abuses in the province.

But the PNGDF is clearly not the only force the people of Bougainville need to be protected from. No similar pictures are available as yet of BRA human rights abuses, but they have certainly occurred (cf. Amnesty International 1990:36-40). Many Bougainvilleans may be equally if not more afraid of a BRA presence in their area. The BRA and BLF must be disarmed for the same reasons that the PNGDF must be totally withdrawn from the province.

Only with the MST in place will Bougainvilleans be able freely to rebuild their lives without fear and to express their wishes for the future status of the Province. At various times both the BRA and Papua New Guinea government have claimed 90 per cent support from the Bougainvillean population. At some stage someone is going to have to ask the population what it wants. When that moment comes, the people must be able to express their opinions without fear of intimidation by either side. Only the presence of a neutral force will allow that. The Australian government should respond positively to the efforts being made by Father Momis and some other members of the Papua New Guinea government, and the plea of Michael Ogio and other Bougainvillean MPs to get the MST organized and in place. As the Australian Government shapes its policies towards Bougainville and the role of the MST, it should remember Aloysius Minitong, and all the others who did not leave a trace of their ordeal.





**Postscript: five months of little progress**

Optimism in Papua New Guinea about an early settlement of the crisis has now evaporated, and a hardening of attitudes by both sides is evident at time of writing. The question of the MST remains unresolved and planned peace talks were aborted upon the demand by the Bougainville Interim Government that the MST be put in place prior to peace talks and that the PNGDF be removed from the Province and from their forward base at Rabaul (*Pacnews* 21 August 1991).

There is some logic but little diplomatic acumen in the Bougainville position. As the MST was an agreed part of the Honiara Declaration (indeed it was meant to be in place within 30 days of its signing) they feel that no further talks are necessary prior to its deployment. This is logical but unhelpful. The demand for withdrawal of troops even from Rabaul is in frustration at PNGDF detention there of urgently needed medical supplies and personnel provided by the Red Cross, and a feeling that the Defence Force continues to act independently and at times in defiance of the civilian powers. Recent reports of a helicopter and patrol boat attack on the north Bougainville village of Iaun do nothing to alleviate such concerns (*Pacnews* 23 August 1991). Again, the Bougainville position is perhaps understandable but unlikely to assist progress towards peace.

There was a detectable hardening of Papua New Guinea's position when late in June and in July PNGDF soldiers came under attack in northern Bougainville. In the June incident one soldier was slightly wounded but in the first of the July attacks two soldiers were killed and a third wounded. Two soldiers were wounded in a further shooting a few days later. It was claimed that the attacks were carried out by BRA soldiers from the Central Command based in Kieta (*Times of PNG* 8 August 1991), perhaps angered at the seemingly good relations between Peter Barik, BRA Northern Commander, and PNGDF troops restoring services at the northern tip of the island. The Bougainville Interim Government had claimed at the beginning of July that the PNGDF were about to launch further military incursions and so the attacks might also be interpreted as warnings to forestall these supposed plans.

The visit to Geneva in July and August of Bougainville Interim Government Chairman Joseph Kabui and prominent secessionist supporters, to address the UN Working Group on Indigenous

Populations and other international bodies, further angered the Papua New Guinea government. Because of this trip peace talks originally scheduled for July had to be rescheduled to late August and were eventually cancelled. The August talks had been scheduled to take place on New Zealand naval vessels off the Bougainville coast, to be chaired by former New Zealand governor-general, Sir Paul Reeves, and attended by Commonwealth secretary-general, Chief Emeka Anyaoku.

Commonwealth involvement is seen as crucial if the previously agreed MST, to be made up of troops and police from Commonwealth member nations, is to be deployed successfully and the BRA and BLF disarmed. The apparent success of the Bougainville delegation in Geneva in attracting international support may have emboldened them to take a strong position on the removal of PNGDF troops prior to further talks. Alternatively, the absence of Joseph Kabui in Geneva may have removed a moderating influence on BRA hardliners in the crucial weeks leading up to the talks. The commitment of the Papua New Guinea government to the idea of the MST has never been very strong and it too may have been looking for excuses to abort the talks. Whatever the reasons, the best chance for progress on the MST issue since the signing of the Honiara Declaration in January 1991 has been lost.

All is not lost, however, as seemingly successful talks have taken place at a lower level to get the peace process back on track and to work out agreed conditions for higher-level negotiations (*Post-Courier* 11 September 1991). It is still the case that the Honiara Declaration is the only agreement there is, and that negotiation is the only way to settle the ongoing crisis. One can only hope that common sense will prevail and that the Honiara phoenix will arise once again.



## CHAPTER 15

### BOUGAINVILLE UPDATE: MAY TO OCTOBER 1991

**Matthew Spriggs**

As I write (November 1991), a peaceful resolution of the Bougainville crisis appears as elusive as ever: the two main sides in the conflict perhaps further apart, the medical situation on Bougainville worse, Papua New Guinea's international standing lower, and its relations with the Solomon Islands still strained. The Interim government on Bougainville remains unable to provide effective administration, the BRA leaders still unable (or unwilling) to maintain discipline among those who profess allegiance to it. On Buka the rhetoric of loyalty to Papua New Guinea and rehabilitation is, if anything, more strident, while in reality many live in fear. This is not to say that nothing happened during the past five months. The military and political situations remain fluid, the players by turns optimistic, pessimistic, over-confident, frustrated or angry.

The timing of the Update Conference from which this book derives was selected to mark - but not celebrate - the first anniversary of the UDI of the Republic of Bougainville on 17 May 1990. It formed a useful break in constructing this political chronicle, marking the point to which most contributors had up-to-date knowledge of events in the North Solomons.

#### **Days of hope**

Until late June there seemed to be signs that tensions were easing. Medical services were reaching all accessible parts of Bougainville, and the planned six-monthly review of the Honiara Declaration seemed likely to proceed. All was not rosy, of course. The dispute between the PNGDF and the civilian Task Force came to a head. In the end Colonel Nuia of the PNGDF and the two leading members of Father John Momis's Task Force became the casualties (or sacrificial victims) necessary to resolve this dispute.

When Radio North Solomons returned to air in May 1991, Bernard Simiha of the Task Force is alleged to have broadcast remarks critical of PNGDF involvement in restoring services, calling on local chiefs not to heed Colonel Nuia, nor to cooperate with his restoration efforts (*Post-Courier* 27 May 1991). On 25 May Nuia flew to Rabaul, called Simiha to his office, bashed him severely, and threatened worse if his criticism continued. Nuia was later quoted as casting doubt on Simiha's allegiance during earlier phases of the conflict (*Times of PNG* 30 May 1991). Cabinet's failure to investigate is symptomatic of the isolation of Momis at this time, rather than of Nuia being beyond government control. Some weeks later Simiha fled to the Solomons, being charged with membership of the BRA and fearing arrest.

Not so lucky was another important Task Force figure, Patrick Itta, arrested on 25 June and charged with sedition. Quoting an intelligence source in Rabaul, the *Post-Courier* (26 June 1991) reported 'Patrick and a number of Bougainvilleans now working for the government have been under close surveillance for a long time since they joined the Task Force'. The remarkable coincidence of Itta's arrest and Nuia's sacking (see below) is a hint that political chess was being played. The Itta story ended happily however. Released on bail to carry on Task Force work, Itta was later acquitted by Justice Ellis (*Post-Courier* 30 August 1991). The judge commented that 'it seemed bizarre that the State was on the one hand using Itta to try and achieve a peaceful resolution of the Bougainville crisis while on the other it was charging him for associating himself with BRA. Obviously the government selected to have a middle man such as Itta who was able to make contact with BRA at the same time. In these circumstances, this outcome represents a victory for commonsense'. By the end of August, of course, the dust had settled after the sacking of Colonel Nuia.

Before Itta's arrest and Simiha's flight, Momis's Task Force had continued to be quiet achievers. It was claimed at the beginning of June that most schools on Bougainville had reopened as well as many aid posts and Arawa Hospital's dental clinic, out-patients and maternity wards (*Post-Courier* 3 June 1991). By mid-June a move of the Task Force headquarters from Rabaul to Kieta was said to be imminent, with six coordinating centres to be linked by two-way radio (*Post-Courier* 14 and 19 June 1991). The Task Force met the Interim government to

discuss the return of PTC, Elcom and Water Board personnel, to restore urban services to Kieta and Arawa (*Times of PNG*, 20 June).

This was perhaps the high point of Task Force efforts. In the following weeks things fell apart. On the same day as the report of the meeting there was also a report of another meeting at Panguna where 400 'chiefs' from throughout Bougainville reiterated their support for secession and called for a multinational supervisory team (MST) to be sent to Bougainville (*Sydney Morning Herald* 20 June 1991). Francis Ona had previously called for the MST to be in place prior to the next round of peace talks (*Times of PNG* 30 May 1991). The chiefs' support for secession clearly worried the Buka leaders and the national government (*Times of PNG* 20 June 1991; *Canberra Times* 25 June 1991).

A dispute arose over three people, one from Buka, being forcibly removed from the MV *Sankamap* which docked at Kieta en route to Buka and Rabaul, supposedly because they had no BRA clearance to leave (*Post-Courier* 25 June 1991). This clear breach of the Honiara Accord led Administrator Sam Tulo on Buka to threaten not to allow the vessel to proceed to Rabaul. Patrick Itta was in fact arrested while on Buka trying to sort out this dispute. A similar incident in July, when crew members were threatened at gun point, ended direct shipping links to Kieta, and a protest note was sent to the BRA by the shipping company (*Post-Courier* 19 July 1991). At that time there were still shipping services to Tinuputz, Wakunai, Buin and the west coast, although my last record of shipping was when the MV *Beaumaris* carried supplies to flood victims in Buin in early August (*Times of PNG* 1 August 1991). It returned to Rabaul carrying 21 people needing medical attention, 397 bags of cocoa and 231 of copra.

One reason for the ending of shipping services may have been the accusation by Prime Minister Namaliu that the proceeds of cocoa and copra sales were being used to buy arms which were then smuggled in through the Solomons (*AAP* 25 July 1991). This was denied by Bougainville Council of Chiefs spokesman Thomas Koronaru (*Pacnews* 6 August 1991), but at least some arms were entering by that route, as shown by the arrest of Bougainvilleans in the Solomons on their way home with a rifle and over 1500 rounds of ammunition (*Post-Courier* 19, 20 August 1991).

**Nuia: fall or push?**

The discrediting of Task Force members and the sacking of Colonel Nuia are coincidental and perhaps related events. The screening of the ABC Television 'Four Corners' documentary, 'Blood on the Bougainvillea' on 24 June precipitated Nuia's dismissal, specifically an interview in which he confirmed the oft-denied 'St Valentine's Day Massacre' of early 1990 (in this incident Pastor Benito Raumo and four of five parishioners were shot by PNGDF soldiers, and their bodies dumped at sea from an Australian-supplied helicopter). Nuia also confirmed the use of the Australian helicopters as firing platforms for machine guns, in contravention of the agreement limiting them to non-offensive operations. The Papua New Guinea government cried foul, claiming that he had earlier denied any such massacre. The sacking was also said to have averted a diplomatic row with Australia over the use of the helicopters.

The mock horror of politicians and pundits in both countries, at the revelation, was less than convincing. Full details of the massacre were available to both governments within days of its occurrence and had been reported extensively, while the Australian pilot who flew the body-dumping mission lives in Sydney and could easily have been (and presumably was) interviewed by Australian Intelligence and Defence officers. Blaming Nuia let a lot of others off the hook, and his 'loose cannon' reputation allowed both governments to distance themselves from the actions of troops under his command. Seasoned non-ABC journalists in Australia felt that the 'Four Corners' documentary team had been taken for a ride and their programme manipulated by those who wanted Nuia to take responsibility for actions which could have embarrassed both governments. One journalist told me that champagne corks were popping (one assumes figuratively) in the Department of Defence in Canberra after the programme went to air.

Why did Nuia cooperate in the destruction of his career? Those who believe that he acted independently, and had defied the government for months, read the interview as symptomatic of a man who believed himself beyond the law. That view could be supported by leading questions about his possible involvement in a coup, and John

Momis's statement on the program that 'we may not need a military coup. They are probably running the country now'.

This is not a wholly convincing scenario. The Papua New Guinea government is partly shielded from criticism if it can be suggested that the Defence Force has acted independently. Nuia's flamboyant style would mark him out as an excellent scapegoat. The *Post-Courier* quoted an unnamed senior Defence Force intelligence officer who claimed that Australian Defence Intelligence was responsible for Nuia's sacking. This report is not wholly convincing either, but is worth quoting for the different interpretation it presents.

In fact the television program [Four Corners] which finally led to Col. Nuia's sacking was set up specifically to have the Colonel talk about the atrocities in Bougainville and the soldiers' behaviour during the crisis.

Col. Nuia knew what he was saying on the program and he knew the Australian Intelligence was behind the programming of the TV interview on human rights abuses on Bougainville and the use of Australian-supplied Iroquois helicopters and other Defence Force assistance.

It was out of frustration that Col. Nuia said what he said because of the number of misleading intelligence reports which the Australians were sending to the government on his behaviour in the force (*Post-Courier* 11 July 1991).

The report suggested that he had been targeted because some Papua New Guinea politicians 'feel they cannot have young nationals telling them what to do in the running of the country'. While that does not seem a credible explanation, it is still possible that Australian pressure had the effect (or intention) of strengthening the position of the 'doves' in the Papua New Guinea cabinet.

### **Coming to grips with human rights issues?**

Nuia's revelations were not the only reference to PNGDF abuses on the Four Corners documentary. In the earlier update chapter I

mentioned the eye-witness accounts by John Kolan and Julian Nogos, of atrocities on Buka. In the furore over Nuia, these passed without comment in the media.

The sacking certainly helped to blunt attacks on Papua New Guinea's human rights record, and defused any criticism which might have been voiced at the annual Australian Labor Party Conference, including criticism of Australian military aid to Papua New Guinea. A motion sponsored by Senator Gareth Evans was thus more 'even-handed' than it might have been, condemning equally BRA and PNGDF abuses and calling for an investigation. Prime Minister Namaliu had doubtless been briefed about this motion. As soon as it passed, he announced an independent commission of enquiry 'when the circumstances allow' (*Canberra Times* 27 June 1991; *Sydney Morning Herald* 27 June 1991).

The Papua New Guinea government has had real problems in knowing what to do about human rights abuses. International and domestic credibility require some interim investigation before the promised enquiry - which may be years away. In early July it was announced that some human rights abuse cases already before the courts would be heard, starting with 21 cases of alleged abuses by security forces at the Hahela Evacuation Camp on Buka in late 1990 or early 1991. The hearing was set for 5 August, but was then delayed until 1 October and shifted from Buka to Rabaul (*Post-Courier* 7 August 1991). I have seen no further reports on these hearings.

In August Attorney-General Narokobi announced a coronial inquest on the deaths during the Bougainville crisis (*Post-Courier* 14 August 1991). In September a senior magistrate was appointed to conduct an inquest into the deaths of John Bika, Matthew Kove, James Iro, Joel Naisy, Peter Kaipas (actually Kuypers), Peter Sisio, Clement Gesi, Aloysius Minitong, Patrick Pere, Michael Tunkana and Paulus Harepa (*Post-Courier* 10 September 1991). The first six named (and perhaps the seventh) were allegedly killed or mistreated by the BRA. Peter Kuypers, a white resident of Bougainville, had been badly beaten by the PNGDF and later by the BRA as well, but may have died of natural causes. The fate of Bika, Iro and Naisy is discussed in the November 1990 Amnesty International report. Only Aloysius Minitong, whose case featured in the Amnesty report and on SBS television in Australia, has been identified as a PNGDF victim. No

details are available to me on who was involved in the deaths of the last three victims. Presumably the selection of cases was intended to counter Interim government claims of Papua New Guinea government abuses of human rights.

Apart from eye-witness accounts of abuses on Buka in the Four Corners programme, there are persistent rumours of large-scale killing of BRA suspects at the hands of the Buka Liberation Front and PNGDF 'death squads'. A document recently acquired lists 49 people said to have been killed on Buka by the BLF and/or security forces. Some allegations are gruesome in the extreme, describing people cut to pieces, buried or burned alive, disembowelled or dismembered before death. For most alleged victims, the village of origin is listed: seven from Eltupan, six from Tohatsi. Twelve victims were said to have been taken from one of the care centres and burned to death by members of the Papua New Guinea security forces at the United Church plantation at Tulaen. The deaths of eleven people in this incident have been independently verified: they were beaten to death and their bodies partly cremated. While other allegations in this report cannot be verified at present, the report certainly warrants serious investigation, since the area is entirely under PNGDF control and names could readily be checked. A further report from Buka relating to one of the care centres for displaced people also raises human rights concerns.

Bernard Narokobi has recently expressed concern over institutionalized human rights abuses throughout Papua New Guinea, proposing a general commission of enquiry and a ten-year awareness campaign with UN assistance. He referred to 'continuous abuses' of human rights on Bougainville, but the report ('Call for UN help on human rights', *Sydney Morning Herald* 31 October 1991) does not make clear whether he meant abuses by the government, or the BRA, or both.

### **'Germ warfare': the denial of medical aid**

The Australian Labor Party resolution also asserted 'the government's determination that food, medicine and essential services continue to be supplied to the people of Bougainville' (*Sydney Morning Herald* 27 June 1991). The first shipment of Red Cross supplies arrived on Bougainville on 3 June, the result of a world-wide appeal which raised

nearly K200,000 by July. With the end of direct shipping services to Kieta in July, and the severe restriction of services to other ports, the medical situation began to worsen.

The Papua New Guinea Red Cross sought exclusive rights under the Geneva Convention to enter Bougainville on humanitarian grounds, and to be allowed to ship in much-needed medical supplies stored in Rabaul (*Pacnews* 22 August 1991). A vaccination program was urgently needed for the estimated 8000 to 10,000 babies born since the blockade, to prevent outbreaks of measles and polio. Russell Rollason of ACFOA complained at the end of August that Papua New Guinea was thwarting the vaccination programme by hampering access. ACFOA had managed to get only two emergency medical shipments through to Bougainville since the signing of the Honiara Declaration (*The Times* (London) 30 August 1991).

In August Bishop John Zale, Health minister in the Interim government, presented incomplete statistics for the first seven months of 1991, from 18 out of 23 health centres on Bougainville. 2,032 deaths were reported, 600 from malaria, 252 from respiratory diseases such as pneumonia, 43 from tuberculosis, 11 from yaws or ulcers, 25 from gastroenteritis, 9 from diabetes, 28 from asthma, 19 from cancer, 516 still-births, 427 neo-natal deaths and 102 mothers dying in child-birth.

Twice in October measles vaccination kits destined for Bougainville were removed from Red Cross chartered aeroplanes at Buka and destroyed by the PNGDF (*Sydney Morning Herald* 14 October 1991). In September, despite an agreement between the Red Cross and the Papua New Guinea government, supplies and medical personnel were ordered off a ship in Rabaul after they had been loaded for Bougainville. The Red Cross threatened to pull out of the programme. The *Sydney Morning Herald* article reported that the cabinet had approved - but had not yet announced - a new policy on NGOs, banning them from any part of the country not under government control. The policy was made explicit a few days later by Namaliu, in response to Red Cross concern and adverse publicity. Namaliu said that all supplies must be routed through Buka and 'aid organisations providing supplies and medicine should, when they go from Buka, fly the PNG flag on their ships, and they were free to go anywhere except to Arawa, a rebel strong-hold' (*Post-Courier* 17



October 1991) The new policy surprised the Red Cross: 'Our understanding reached six months ago was that we should base ourselves in Rabaul and work from there' (Xiaohua Wang, the Red Cross Pacific delegate, quoted in the *Melbourne Age* 17 October 1991). The Red Cross had been attempting to place its doctors and vaccination programme for six months, so confusion over procedures could hardly be the real reason for the delay. The prime minister's statement seemed designed to pre-empt criticism of Papua New Guinea at the CHOGM meeting in Harare. It was already known that the rebels would send a spokesman to lobby for the Bougainville side.

Administrator Tulo defended the indefensible by claiming that the Red Cross was being used overseas to promote the secessionist idea and that 'medical supplies intended for the whole of Bougainville had been misused, stolen, or sold to the people who needed them more than anything else'. He also used the old line (used by Ted Diro in denying medical supplies in January 1991) that Papua New Guinea's actions were to ensure the security of international organizations such as the Red Cross (*Post-Courier* 18 October 1991). Even more absurd claims were attributed to Romeo Tohiana, a Buka Council of Chiefs official, who called on charity groups to withhold aid from Bougainville: he was quoted as claiming that it was the BRA who were refusing to allow international organizations and churches to bring help and services to Bougainville (*Post-Courier* 25 October 1991).

On 19 October the ALP's Victoria State Branch Conference passed a resolution noting that 'by barring the Red Cross, the Papua New Guinea government is effectively ignoring international obligations to which it is a signatory. We call on the Australian government to suspend all military aid to Papua New Guinea until a satisfactory arrangement is made to ensure the health and safety of all Bougainville citizens'.

At the time of writing, Red Cross programmes have not been allowed to proceed. The Papua New Guinea government's actions may well be remembered as the most serious breach of human rights during the crisis: they certainly provide the best ammunition for the rebels in their international campaign for recognition. No factor has done more to bring the Papua New Guinea government into international disrepute. There have been suggestions that this contributed to the failure of Sir Michael Somare's campaign to become president of the

UN. It is unclear why the government clings to the policy, and apologists are forced to reiterate Jim Griffin's rather stale argument that there are many parts of Papua New Guinea with few doctors and scant medical supplies (see, for example, Rowan Callick, *Australian Financial Review* 24 October 1991). On the other hand, no other Papua New Guinea community of 150,000 people has only two doctors, no childhood immunization programme, no operating hospital facilities and virtually no medical supplies of any kind. Russell Rollason's comparison is with Mozambique (*The Times* (London) 30 August 1991), but even there three doctors can be found for every 150,000 people.

### **Moving offshore: Bougainville takes its case abroad**

The Bougainville side finally got its diplomatic act together with trips by delegations to UN meetings in Geneva, the Pacific Council of Churches Assembly in Vanuatu, and the Commonwealth Heads of government Meeting (CHOGM) in Harare.

The Geneva trip by Interim government Chairman Joe Kabui, the 'Special Representative in Australia', Moses Havini, and 'Trade Spokesman' Mike Forster, caught the Papua New Guinea government unawares. (A shorter visit to Geneva was also made by Martin Miriori and Reuben Siara.) Hearing about the trip while he attended the South Pacific Forum meeting in Micronesia, Namaliu urged Gareth Evans to 'crack down' on secessionist sympathizers in Australia whom he said had organized it. He named Havini and Forster fairly enough, but added Graeme Kemelfield who had nothing to do with the trip and has strongly denied any association with the BRA.

Kabui addressed the UN Working Group on Indigenous Populations, giving the background to Bougainville's claim to independence, and drawing attention to human rights abuses by Papua New Guinea government forces. The case was referred to the UN Commission on Human Rights who decided to investigate further (*Times of PNG* 12 September 1991). To counter these submissions, Papua New Guinea dispatched its ambassador to the European Economic Community, Charles Lepani. Although Somare expressed satisfaction with Lepani's performance, he was putting a brave face on a situation in which the government was embarrassed while Somare

was running for the UN presidency. During the European trip, Bougainville was admitted as a full member of the Unrepresented Peoples' Organisation (UNPO) based in the Hague, thus gaining further credibility and publicity.

On the way home, Kabui called in at Sydney (his Australian visa was given on condition that he refrain from speaking to the press), Vanuatu, and the Solomons. In Vanuatu he met then-Prime Minister Walter Lini and delegates to the Pacific Council of Churches Assembly. Also attending the Assembly was Bishop John Zale, who received a sympathetic hearing. The PCC passed several resolutions highly critical of the Papua New Guinea government's actions in Bougainville. They recognized Bougainville's right to self-determination and urged the Papua New Guinea government to agree to a referendum on Bougainville's relations with Papua New Guinea; they proposed that both sides lay down their arms in accordance with the Honiara Declaration; they recommended that Papua New Guinea lift its blockade and facilitate the deployment of a MST; and they urged that NGOs such as the Red Cross be allowed access to the island (*Times of PNG* 12 September 1991). Namaliu rejected the call for a referendum, adding that the constitution did not provide for one. His response to the other resolutions was not recorded (*Post-Courier* 23 September 1991).

Moses Havini flew to Harare in October to lobby CHOGM for an end to Papua New Guinea's blockade of goods and medicines (*Post-Courier* 18 October 1991). Reports of his trip were not available at the time of writing.

### **The Solomons factor**

Kabui and others were able to travel overseas only through the tacit support of the Solomon Islands government, which has allowed them to transit on several occasions. Strained relations between Papua New Guinea and the Solomon Islands have continued and even worsened. Buka leaders' calls for the Solomons to keep out of what is a strictly internal Papua New Guinea affair must seem strange to the people of Western and Choiseul provinces who have close kin across the international border. It is inevitable that Solomon Islands politicians are sensitive to an increasingly widespread feeling that Papua New Guinea is waging war on 'our' people in Bougainville. Idle talk in Honiara of

raising an 'International Brigade' is, for the moment, mere talk; but resentment is likely to grow unless the conflict is quickly and peacefully resolved. Relations with Papua New Guinea became so poor that there was serious talk at the highest levels in Honiara of recognizing Bougainville's independence. Chiefs from the Western Solomons, and former prime minister Ezekiel Alebua, sent congratulatory messages on the 17 May anniversary of Bougainville's UDI (*Times of PNG* 23 May 1991).

In June the chairman of the Buka Interim Authority, Joseph Hapisiria, called on Papua New Guinea to protest against the Solomon Islands allowing secessionist leaders to travel freely there (*Post-Courier* 25 June 1991). Papua New Guinea did so a few days later, perhaps angry that Bernard Simiha (whose wife is a Solomons citizen) had escaped the net which caught Patrick Itta. It was alleged that 'well known BRA officials' Simiha, Reuben Siara and Martin Miriori had set up a BRA liaison office in Honiara and had close links with individuals in the government. Papua New Guinea recalled its newly-appointed high commissioner from Honiara for a briefing, and asked that the Solomons 'remove all BRA facilities and personnel and bar the entry or re-entry of Papua New Guinea citizens from Bougainville identified as having BRA connections' (*Post-Courier* 27 June 1991).

The official Solomon Islands response came on 23 July, dismissing Papua New Guinea's protest. The reply noted that all three men mentioned had entered the country through legal channels, and further noted that Siara and Miriori had since returned to Bougainville (*Post-Courier* 26 July 1991). In the same week the parliamentary opposition leader, Andrew Nori, proposed a six-phase peace plan leading to Bougainville's independence in five years. In it, Solomon Islands, Australia and New Zealand would help in restoring services and rehabilitating Bougainville. Namaliu not surprisingly rejected Nori's plan, and *AAP* quoted him as saying that he knew it would also be rejected by the Solomon Islands government: 'They have a similar problem in the Western Solomons, and some of the people they have in Parliament come from that area. They obviously have sympathies with the [secessionist] people of Bougainville out of self-interest. If we allow Bougainville to go, that will strengthen their case to do the same' (*AAP* 26 July 1991). However, Andrew Nori is from Malaita, not from the Western Province. Papua New Guinea may have

underestimated a very general feeling of kinship with Bougainvilleans among Solomon Island citizens, and a common view of Papua New Guinea as an arrogant and dangerous neighbour. As a Solomon Island acquaintance put it: 'We see Papua New Guinea in the same way as you [Papua New Guineans] see Indonesia.'

Further tension was generated when it was reported that two (later reports mentioned three) BRA soldiers wounded in a fight with the PNGDF were being treated for bullet wounds in a Honiara hospital. Doctors reported that they had treated 'many' Bougainvilleans at the hospital over the previous six months, who had then returned to Bougainville (*Post-Courier* 8 August 1991). Papua New Guinea dispatched a delegation to Honiara in mid August in the wake of the Geneva trip, to seek restrictions on Bougainville leaders travelling through the Solomons. The delegation comprised members of the Prime Minister's Department, the National Intelligence Organisation, police and PNGDF (*Pacnews* 13, 15 August 1991).

Members of this delegation caused a diplomatic incident by demanding to see the three BRA soldiers in the hospital. Solomon Islands Health Minister Nathaniel Supa prevented them from entering the ward 'in view of the war situation between Bougainville and Papua New Guinea... and because he did not know their intentions.' He and the minister for Police and Justice, Albert Laore, refused to see the two Papua New Guinea officials, saying that they had not followed protocol in the Solomon Islands (*Pacnews* 23 August 1991). Papua New Guinea issued another protest over the provision of medical treatment to BRA soldiers, and said that the use of the country as a haven could have adverse effects on relations between the two countries. Papua New Guinea also expressed concern over a 'rampant and massive propaganda campaign' being waged on behalf of the BRA (*Pacnews* 26 August 1991).

Papua New Guinea proposed an extradition treaty as a means of controlling secessionist activity. Minister Laore was quoted as saying that the proposed treaty was 'untimely in the light of the Bougainville Crisis' (*Pacnews* 30 August 1991). It was later reported that a proposal had been put forward in the first week of September, and (according to Papua New Guinea Foreign Affairs Secretary Gabriel Dusava) 'the initial reaction from the Solomons was good' (*Post-Courier* 11 September 1991). No further development has been reported, but in

late October Romeo Tohiana, adviser to the Buka Council of Chiefs, renewed the call for extradition treaties with the Solomons, Australia and New Zealand, to curb the activities of Havini, Forster, and Moana Jackson (*Post-Courier* 28 October 1991).

Reference to New Zealand lawyer Moana Jackson is interesting. He had advised the Bougainvillean delegation during the September 'talks about talks' on the MV *Kris* (see below). Papua New Guinea officials in Honiara had been instructed not to issue a visa allowing him to take part in the talks. He had gone anyway, entering Bougainville illegally from the Solomons, a move seen as 'likely to create another diplomatic row between the Papua New Guinea and the Solomon Islands government' (*Post-Courier* 11 September 1991). Incidentally, this attempt to exclude Jackson was one reason why the Bougainville side sought to have the next talks outside Papua New Guinea territory.

### **Peace talks: on again, off again**

An obstacle to resuming talks (originally scheduled for July) was the Interim government's insistence that the MST must be in place before the talks. As Michael Ogio revealed at the Update Conference in Canberra in May 1991, Francis Ona and Sam Kauona had intended to attend. This was confirmed and a date of 26 July proposed (*Post-Courier* 5 July 1991). A letter from Ona to Namaliu on 11 July criticised the government's refusal to recognise the Interim government as the interim legal authority, demanded that the MST be in place two weeks before the talks and Papua New Guinea troops be withdrawn, and requested that Namaliu attend the talks himself. The Bougainville side also requested a one-month postponement to 26 August. Ona offered to send a group to Honiara on 26 July to set up the talks (*Times of PNG* 25 July 1991; *Post-Courier* 26 July 1991). A few days later a Papua New Guinea government team flew to Buka to make the arrangements. One reason for the month's postponement was to allow the Bougainville delegates to travel to Geneva, an expedition which poisoned the atmosphere for talks as the Papua New Guinea government was angered at not being informed and dismayed by Joe Kabui's presentation.

A hopeful sign was a statement by the Commonwealth Secretariat that its secretary-general, Chief Emeka Anyaoku, would

attend the opening of the talks and that Sir Paul Reeves, former governor-general of New Zealand, would be the neutral chairman. Commonwealth involvement would be crucial if a MST was to be deployed. While Kabui was in Geneva, momentum was lost on the Bougainville side and unrealistic demands were repeated and extended - Papua New Guinea troops should be withdrawn not only from North Bougainville and Buka, but even from their main supply base in Rabaul, and the MST must be in place before talks commenced (*Post-Courier* 21 August 1991). On 23 August it was reported that the talks, due to take place on New Zealand ships anchored off Kieta, would be delayed for two days to allow time for Kabui and his delegation to return. A New Zealand team making final arrangements for the talks was on Bougainville on 21 and 22 August (*Post-Courier* 23 August 1991). On 26 August it was announced that Chief Anyaoku would not attend as arrangements were still not finalized (*Pacnews* 26 August 1991), and next day Papua New Guinea cancelled the talks citing unreasonable rebel demands. Officials from both sides would meet to set the agenda before new talks were held (*Post-Courier* 28 August 1991).

These talks about talks were eventually held aboard MV *Kris* in Kieta harbour on 7 September: the Papua New Guinea team was led by Brown Bai, secretary of the Prime Minister's Department, while the Bougainville side was led by Martin Miriori, described in the minutes as 'Secretary for Foreign Affairs' of the Interim government. He was assisted by Moses Havini ('Ambassador to Australia') who had been a member of the delegation to Geneva. The meeting agreed that the next formal round of talks should take place on 8 October and would review the Honiara Agreement with particular attention to the MST. The Papua New Guinea team suggested the venue to be 'one of those islands like Mortlocks or on land somewhere in Papua New Guinea. Your team can be assured that you will not be arrested and you will be free to express yourself freely' (Minutes kept by the Bougainville delegation). The Bougainville side said that it had no mandate to decide on the venue, and would consult the Papua New Guinea authorities when a decision had been made.

On 15 September Francis Ona wrote to Namaliu requesting that the talks be held in Auckland, New Zealand, to consider the Bougainville proposal to set up a joint working group to examine the

MST and related issues. The letter seems to have reached Port Moresby on about 25 September, and the Papua New Guinea government immediately rejected the proposed venue, suggesting instead the Trobriand Islands or an atoll off Bougainville. The *Post-Courier* (27 September 1991) 'believed' that the letter reiterated earlier demands that the MST be sent to Bougainville before the talks, but this was not in fact mentioned in the letter. A subsequent Bougainville suggestion that the talks be held in Honiara or Gizo was also rejected; on 7 October the talks were again postponed.

It is not surprising that the Bougainville side wanted the talks to be held outside Papua New Guinea. The arrest of Interim Government minister Joe Pais on Buka where he was negotiating with Sam Tulo, and the suspicion that Buka BRA leader Linus Kabutoa had been shot in cold blood rather than in a gun battle with the PNGDF, had created doubts about Papua New Guinea's intentions in insisting on talks on Papua New Guinea territory (*Pacnews* 8 October 1991). It was also felt that Papua New Guinea would not admit foreign advisers such as Moana Jackson.

Bernard Narokobi attributed the delay to disagreements among BRA leaders: 'they are unlikely to agree among themselves on what to talk about' (*Post-Courier* 9 October 1991). Joseph Hapisiria echoed Narokobi's argument that the BRA leaders 'do not know what to talk about at the negotiating table. As a result, they are deliberately trying to prolong and delay the next round of talks by coming up with all sorts of demands' (*Post-Courier* 14 October 1991). This appraisal seems unfair. Several past delays in getting peace talks going had been due to the security concerns of the Bougainville delegation, concerns which had some foundation.

### **Interim legal authorities**

In May Father Momis had proposed an Interim Legal Authority (ILA) to administer Bougainville, consisting of four districts (South, Central, North, Buka and the Atolls). Such an Authority was opposed by Joseph Hapisiria, chairman of the Buka Interim Authority, who saw it as subsuming the Honiara and Kavieng accords prematurely. He suggested that the proposal could lead to political infighting when the emphasis should rather be on the restoration of services (*Post-Courier*



21 May 1991). It would also, of course, end Buka's special position in, and partial control over, the rehabilitation process. Momis defended his plan, pointing out that the ILA 'will in no way interfere with the current operational functions of district authorities such as that established on Buka Island already. The legal interim authority will be responsible for negotiations with the National government on major issues such as the current restoration of services and the future of Bougainville' (*Post-Courier* 11 June 1991).

Two months later Momis announced that interim authorities would be established to serve the north, centre and south of Bougainville, and 'probably' the atolls, noting that one already operated in Buka (*Post-Courier* 14 August 1991). A week later people in northwest Bougainville were reported as wanting an interim authority (*Post-Courier* 22 August 1991). By the end of the month the Council of Chiefs in Buin (southern Bougainville) set up an interim commission to coordinate restoration of services in conjunction with Administrator Sam Tulo, a move interpreted by Narokobi as a rejection of secession (*Post-Courier* 29, 30 August 1991). Narokobi suggested that the establishment of interim authorities meant that the BRA and Interim government had no legitimate right to speak for all Bougainvilleans and could only speak for the Panguna and Kieta areas. This suggested that the interim authorities were an overt attempt to divide and rule, and helps explain the rebels' lukewarm response to them.

Momis seems to have adopted the idea of several authorities rather than a single ILA because of concerns voiced by Buka leaders and because of the dispute which followed hard on the heels of the Honiara Declaration, as to whether the Interim government could legitimately be considered as the ILA. This was not acceptable to Papua New Guinea, while the rebels would accept nothing less. On several occasions Namaliu pointed out that an agreed ILA was necessary before the deployment of the promised MST (*Post-Courier* 5 July, 21, 23 August 1991; *AAP* 25 July 1991).

### **On the ground**

The events leading to Nui's dismissal and Itta's arrest have already been mentioned. Nui's replacement, Colonel Joseph Maras, was

ordered not to speak to the media. He has not, and virtually nothing has been heard from him. Defence Minister Ben Sabumei had recommended that Nuia be replaced by Colonel Lima Dataona, who had previously served on Bougainville, but this proposal was rejected by the National Executive Council for reasons which were not publicly stated. The soldiers were said to be dissatisfied by Nuia's dismissal, but this does not seem to have affected discipline.

In late June the first PNGDF casualty for several months occurred. A soldier was wounded in an ambush near Siara on north Bougainville. In late July in two separate incidents, two soldiers were killed and three security force personnel seriously wounded in further BRA ambushes in the north. A PNGDF source attributed the first incident to BRA anger at criticism of their activities in the Solomon Islands and the arrest of Itta, and he thought they were taking advantage of the lack of a PNGDF commander on Buka immediately after Nuia's sacking (*Post-Courier* 28 June 1991). Administrator Tulo closed Buka Passage to the movement of people from north Bougainville until an explanation was given for attacks on soldiers engaged in restoration of services in a non-combat zone.

The BRA explanation for this incident and later ambushes was their determination to pre-empt further PNGDF offensives in north Bougainville, of which they claimed intelligence, supposedly planned for 1, 12, 17 and 31 July and called 'Operation Trust No-One' (*Pacnews* 1 July 1991). While there is no independent evidence for any such operations, deep suspicion on the Bougainville side and therefore the potential of overreaction should not be underestimated. For these ambushes the BRA moved troops north from Central Command, to the dismay of at least some people in the area (*Times of PNG* 8 August 1991). After the two later attacks Tulo closed the Passage again, preventing the movement of Bougainville mainland people to Buka for shopping and medical attention; imposed a 4 p.m. to 8 a.m. curfew; stopped all commercial air and sea travel to Buka saying that only relief supplies would be admitted, and called for security forces to be withdrawn from north Bougainville to Buka (*Post-Courier* 24 July 1991).

If this reaction seems paranoid, we should recall the earlier attempt on Tulo's life and the continuing tension on Buka. Despite government insistence that everything was again 'normal' on Buka,

successful BRA action on the mainland could have spilled over onto the smaller island. There were still armed BRA groups in the bush, although they had been quiet for some time. Tulo soon lifted many of the restrictions although the curfew remained in force in mid-October. Allowing travel to Buka by mainland Bougainvilleans was a cause of tension between Tulo and the Buka Council of Chiefs (*Post-Courier* 26 July 1991). The chiefs wanted the Passage closed, partly for their own security, partly to punish mainlanders whom they blamed for the crisis and the destruction of property during the period of BRA rule. They lodged a compensation claim against mainland chiefs in mid July, and wanted mainlanders barred from Buka until this was paid (*Post-Courier* 16 July 1991).

Another part of their frustration was that funds for restoring services were drying up by mid July. The PNGDF restoration effort had come to a halt through lack of money, and security force numbers on Buka and Bougainville were cut back because of the funding squeeze (*Post-Courier* 11 July 1991). The civilian effort was also hampered, and Momis submitted a budget request for K30 million for the restoration effort. Despite the opinion that the government was 'almost certain to approve' the request (*Post-Courier* 17 July 1991), cabinet was not impressed. In an eleven-page ministerial statement, Sir Michael Somare outlined yet another 'new deal' for Bougainville, to be put before the next peace talks. As reported, it seemed to be a direct slap in the face for Momis. Somare explained:

It would be criminal for a handful of fanatical Bougainvilleans and national government leaders to expect our people to have an objective frame of mind in dealing with the political issues.... In my view neither the essential ingredients nor the preconditions for the people of Bougainville to determine their future political destiny are yet in place.

The national government has to date spent more than K25 million since the crisis.

We have now been asked for another K 30 million. The question is, do we have resources to continue funding

this exercise along the lines as dictated by a handful of Bougainvilleans? (*Times of PNG* 25 July 1991) .

The funds had not been released a month later. In September the Buka chiefs were calling for funds to be released and for additional funds. In a statement in early October Namaliu said that further money would not be expended on Bougainville until there was an Interim Legal Authority on the island (*Post-Courier* 9 October 1991).

Trials of BRA suspects continued throughout the period. In May, 73 men were convicted on Buka but released for lack of gaol facilities. In June five others were charged, two of whom were found guilty and given six month sentences; and at the end of the month a further six were convicted including some from the atolls. Francis Hopping, formerly second-in-command to Buka BRA leader Linus Kabutoa was sentenced to six years jail (*Post-Courier* 9, 12 August 1991).

Shortly afterwards Joe Pais, Defence and Police minister of the Interim government, was arrested on Buka, where he had come to discuss cooperation over the peaceful restoration of services in north Bougainville with Sam Tulo. He had been involved in discussions for some time, and had visited Buka on several occasions. He was arrested 'because his activities were becoming very suspicious' according to a PNGDF source (*Post-Courier* 13 August 1991). He must have previously been given assurances of safe passage, but these were presumably part of a trap.

The Pais case is one reason why other Bougainville leaders decline to hold negotiations on Papua New Guinea territory. When Pais was formally charged, a national court judge, Justice Jalina, suggested sentencing guidelines for convicted BRA members: ordinary members 4 to 5 years, those with some authority 5 to 6 years, higher command (such as Francis Hopping) 6 to 8 years, overall commander or head of an interim government 8 to 10 years (*Post-Courier* 16 August 1991). This schema adds to Bougainville negotiators' reluctance to put themselves in Papua New Guinea hands. At the end of August six BRA members were sentenced to 10 to 20 years for shooting Philip Miheh in front of his wife on 23 November 1990 at Ketskets in Buka. No reason has been given for this premeditated execution.

Later in August a peace ceremony was held in north Bougainville where several BRA units handed in their arms. The northern

Bougainville commander, Peter Barik, had been involved in the negotiations and was said to be helping to set up an ILA in the north (*Post-Courier* 22 August 1991). BRA members who surrendered were assured that they would not be arrested. There have since been rumours, unconfirmed but widely believed on Bougainville, that Barik was later arrested.

At about the same time as the peace ceremony, there were reports of PNGDF troop movements on north Bougainville and that the village of Iaun had been attacked by helicopters carrying machine guns. A patrol boat was said to have come inshore and mortared the village (*Pacnews* 23 August 1991). PNGDF harassment of coastal villages had never entirely ceased after the April landing on north Bougainville. There were reports of an exchange of fire between the BRA and soldiers on a patrol boat at or near Kieta on 7 June (*Times of PNG* 20 June 1991), and a letter from Bougainville referred to shelling of the Kieta airport site from a patrol boat on 18 July.

On 11 September the Buka BRA commander, Linus Kabutoa, was shot dead at Tatarei village on Buka, together with 'senior BRA officer' Hugo Gonu and one other. The official version was that soldiers, alerted to his presence by villagers, had come to talk to him; but on seeing them he drew a gun and was shot dead (*Times of PNG* 12 September 1991). There were rumours that he was not armed, and was shot in cold blood during discussions. After the shooting, tension ran high on Buka and a PNGDF spokesman condemned Defence Minister Sabumei for 'boasting' of the death and exacerbating the situation (*Post-Courier* 13, 17 September 1991). Narokobi described the deaths as tragic, expressed condolences to the families of the victims, and hoped that peace talks would not be affected (*Post-Courier* 18 September 1991). Although Sabumei reckoned that there were only about twenty BRA supporters and two leaders (including Lieutenant Tiger) at large in Buka, the reaction of Narokobi and the PNGDF suggested some fear of trouble erupting again, between security forces and Buka villagers whose support for the national government was uncertain.

Buka leaders continually pressed for funds and special projects, ahead of any general settlement when funds would be more widely dispersed: sealing of roads, a University Centre, and even the relocation of the provincial capital from Arawa to tiny Sohano island

(which had been the administrative centre before the copper mine came into production). Criticism by mainland chiefs of the Buka chiefs and of the government for heeding their claims, suggest that the Buka Interim Authority and chiefs may not have it all their own way in future (*Post-Courier* 20 September 1991).

The PNGDF has been slowly extending its control south along the main east coast road on Bougainville. By early October troops were encamped at Ton, near the southern end of Selau; by the middle of October they had shifted to Tsunpets school in Baniu Bay. A second unit is said to have taken up position on Mount Takaniat in Tinputz, the main PTC transmitter station on Bougainville. The Tsunpets group were said to be planning to move south to Tinputz station itself. All this had occurred without incident.

The apparent acceptance of a PNGDF presence followed a request from the Tinputz Council of Chiefs in August, that troops be deployed if the planned peace talks yielded no result (*Times of PNG* 8 August 1991). Rascal problems had been growing in the Teop-Tinputz area since the mid 1980s, and at some point in the crisis the rascal groups had professed allegiance to the BRA. Their crimes remained unchecked and in a letter to Sam Tulo in late July the Tinputz chiefs complained that the rascals had demanded money and goods from trade store owners at gun-point, pack-raped a teacher, stolen K4600 from the chairman of the Teop Island Fish Project, attempted to rape a nursing sister, destroyed school property and robbed villagers (*Times of PNG*, 8 August). More recently two women in the Teop area were abducted at gun-point by a rascal leader, but luckily were released unharmed two days later. The failure of BRA leaders to control such activity cost it support in the Tinputz area. People wanted someone - anyone - to come and control the problem.

One positive sign of change on Buka is the apparent winding down of Buka Liberation Front (BLF) activity. Buka chiefs called for the BLF to be disarmed and disbanded, and its members enrolled as police reservists (*Post-Courier* 23 October 1991). Two days later it was announced that normal police operations would be resumed on Buka in November, if suitable accommodation could be found for police officers.

Tensions between the security forces and Buka villagers were said to have eased, particularly after Port Moresby-based troops were

replaced, between March and May, by a detachment from Wewak who were said to be more 'reasonable'. Two active BRA units remained on Buka: one in the mountains of Solos formerly led by Linus Kabutoa and more recently by Simon Kerek or Kererek, and another near Eltupan led by the notorious 'Lieutenant Tiger'. Although money is continually promised by the national government, finances, supplies and medicines remain in short supply, hampering restoration efforts. Some teachers and nurses have apparently had to travel to Rabaul to be paid, leading to low morale. This does not bode well for the restoration program elsewhere.

### **The South Bougainville Initiative**

On 23 October a Joint Communique was released in Honiara by Momis and Anthony Anugu, chairman of a South Bougainville delegation of seventeen, after five days of talks. It announced the formation of the South Bougainville Interim Constituent Assembly (SBICA). The communique is given in full:

In a joint communique issued in Honiara today, the PNG Minister for Provincial Affairs and the Co-ordinator for the restoration of services to Bougainville, Father John Momis, and the Leader of the South Bougainville Delegation, Mr Anthony Anugu, announced the formation of the government for South Bougainville to be known as the South Bougainville Interim Constituent Assembly (SBICA).

The two Leaders said the formation of the government is a big step forward in the efforts towards the normalisation of life and the restoration of services and is completely in line with the Honiara declaration signed in Honiara on the 23rd of January, 1991.

Father John Momis and Mr Anthony Anugu further stated that the people of South Bougainville now stand totally united in fully implementing the Honiara Declaration.

The two Leaders said that full financial assistance for the new South Bougainville authority will be required and a Budget of over ten million Kina (K10 million) for the 1992 fiscal year, as being the first stage of the restoration, rehabilitation and reconstruction process had been submitted.

Mr Anugu has given assurances that the new government will maintain total political stability in South Bougainville to allow a smooth and speedier progress to normalcy. The government accepts total responsibility for the maintenance of law and order in South Bougainville.

The South Bougainville leaders have also announced that they would like to see the next round of peace talks between the Bougainville Leaders and the Papua New Guinea National government held as soon as possible.

The South Bougainville Leaders have also called for a broader representation of Bougainvilleans at the Talks.

Father Momis in thanking the South Bougainville Leaders for their initiative and goodwill assured that the understanding reached between the two parties will be honoured.

The two Leaders then thanked the People and government of Solomon Islands for their continuing auspices and understanding towards finding a lasting solution to the Bougainville issue.

Signed this 23rd day of October 1991.

It was surely deliberate that SBICA was not referred to as an Interim Legal Authority. Anugu is a former national MP for South Bougainville and had been held under 'village arrest' for some time by the local BRA. Interviewed in Honiara after the signing of the communique, he was careful to point out that the people of South Bougainville were not rejecting secession, nor did it represent a split



with the BRA or the Interim government. He claimed that more than 60 per cent of the delegation were members of the BRA Southern Command, and that Francis Ona had authorized the talks (Mary Louise O'Callaghan, 'PNG agrees to South Bougainville Self-Rule', *Melbourne Age* 24 October 1991).

These points were seemingly lost on the *Times of PNG* whose front page headline the same day was 'South Bougainville Rejects BRA'. A map purporting to show the area covered by the agreement was absurd, covering half of the Nasioi heart-land to within a few kilometres of the Panguna mine and all of Nagovisi territory, as well as the Buin and Siwai areas which the agreement presumably did cover. However, Konio Seneka's article under that headline made no mention of any rejection of the BRA. She quoted a government spokesman as saying that interim authorities similar to that on Buka would be established in central, northeast, northwest and atolls 'at a later stage'.

At a press conference on his return to Port Moresby, Father Momis said that the agreement had 'concretized' the Honiara Declaration and emphasized that Papua New Guinea security forces would be kept out: 'if security forces are deployed then the same number of casualties may result as on Buka'. He added that if the Buka authority so desired, the security forces could also be moved off Buka. He also stated that aid organizations would have access through South Bougainville, thereby circumventing PNGDF interference with medical supplies, and that Anugu's delegation had suggested Buin as the venue for the next round of peace talks. Communication between the government and South Bougainville was expected to give a 'friendly nudge' (Momis's phrase) to leaders in Central Bougainville (*Post-Courier* 28 October 1991). SBICA was to present a formal constitution to Momis, and then elections would be held. Earlier, Anugu had suggested a 25-member assembly including eight appointed traditional chiefs.

The agreement called for a budget of K 10 million for 1992, and its purpose according to Momis was to facilitate a return to normalcy on the island. He did not expect the Papua New Guinea cabinet to reject it - but it must be remembered that in July he had been confident of Cabinet approval for a K30 million budget for Bougainville, and had been disappointed. It is not certain that he can sell the agreement to the cabinet, especially in view of the explicit exclusion of the PNGDF, and

with Defence Minister Sabumei leading the hardline faction in the cabinet.

## Conclusion

There were reports in later October of splits in the BRA and a coup by hardliners. The accuracy of these reports is doubtful (see *Post-Courier* 23, 25 October 1991). The Buka leaders were again insisting on being heard (*Post-Courier* 30 October 1991), but amid the propaganda they were making a serious point about the need for a pan-Bougainville congress to sort out a common negotiating position.

This view echoed the views of an editorial in the *Times of PNG* (24 October 1991) and views I reported in August (*Canberra Times* 22 August 1991). The *Times* noted:

Times are changing. The BRA is no longer the sole actor on the stage. There are many actors. It is a fact that the BRA has accomplished in a remarkable manner its aims, i.e. to close the mine and evict the 'red-skins'. But, having closed the door on the past, it is completely unable to open the door to a meaningful future for the people of Bougainville.

The moves in south (and apparently in north) Bougainville, to establish structures separate from the BRA and the Interim government, the strong stand of some Buka leaders, and the fact that much of Bougainville's administrative and political talent is in exile, make it clear that the Interim government and BRA cannot be considered the sole players in any future negotiations with the Papua New Guinea government. It is unclear, however, how an all-party congress could be held unless participants' security could be guaranteed by a MST.

Only in such a meeting could ordinary people's views be expressed without fear. These views are seldom heard, so I close with one which is not unique:

Samting [the fight for independence] i orait, tasol wei ol lain i bagarapim ples na kilim planti man - em samting i no orait. Sapos ol i plenim gut, em bai orait (Fighting for independence is a good thing but

the way they destroyed property and killed people - that was no good. If they had planned the thing properly, then it would have been OK).

### **Postscript: seven days in November**

Events continued to move fast during the writing of this Update, and inevitably vision is clouded and the story loses the thread provided by hindsight and reflection. It does seem clear, however, that events took a sharp turn for the worse in the first week of November.

Doubts were cast on the effectiveness of the South Bougainville agreement, a BRA attack on the army camp at Tsunpets left fifteen BRA dead and six security force members injured, and Momis seemed further isolated in cabinet when he was excluded from a National Security Council meeting to discuss the crisis.

On 1 November it was reported that Francis Ona had cast doubt on the South Bougainville agreement, claiming that he had information that Defence Minister Sabumei was intending to deploy troops in South Bougainville despite Momis's assurances to the contrary. Ona suggested that the government and PNGDF have different and opposed plans for Bougainville (*Post-Courier* 1 November 1991). It seems unlikely, however, that there is much difference of opinion between some ministers (led by Sabumei) and the PNGDF. This is supported by the claim, aired on ABC TV's 'Seven Thirty Report' on 5 November, that Momis, a member of the National Security Council, had been excluded from a recent Council meeting when the issue would have been discussed. There have been no government statements endorsing the South Bougainville agreement or the proposed K10 million budget.

In the most serious military engagement since the landing of PNGDF troops on Buka in September 1990 and the subsequent BRA attack on Defence Force vessels at Buka Passage, a BRA unit attacked the security force camp at Tsunpets early on the morning of 3 November. Fifteen BRA soldiers (in a force of about 40) died in the attack, nine from Central Bougainville and six from Tinputz, including one non-Bougainvillean. Five Papua New Guinea soldiers and one policeman were injured and taken to Rabaul for treatment. The *Sydney Morning Herald* (5 November 1991) report erroneously placed Tsunpets between Tinputz and Wakunai. In fact Tsunpets is the

northernmost major Tinputz-language speaking village, and is several kilometres north of Tinputz station. It forms the border between the Selau area, whose language (a dialect of Halia) is also spoken in parts of Buka and whose chiefs had already accepted restoration of services by the Papua New Guinea government, and the Tinputz district which appears more divided in its attitude to the government.

Pressure continued on Papua New Guinea to allow medical supplies to reach Arawa and Kieta. An ABC TV 'Seven Thirty Report' castigated the Papua New Guinea government over the policy of denial. In a statement issued in Honiara, Francis Ona reiterated his stand that an international peacekeeping force was needed on the island before peace talks, and attacked Australian Prime Minister Hawke (*Melbourne Age* 2 November 1991). On a more positive note, however, it was reported that a Red Cross shipment of medical supplies had been cleared to proceed to South Bougainville.

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Political and Social Change Monograph 16  
**The Bougainville Crisis 1991 Update**

Matthew Spriggs and Donald Denoon  
Editors

The crisis in Bougainville has become the most serious issue in the affairs of the Western Pacific. Separatist sentiment has always been significant, fuelled by perceived ethnic traits distinguishing Bougainvilleans from other Papua New Guineans, exacerbated by neglect of the region during most of the colonial period (until the development of the mining complex in the 1960s) and promoted by the remoteness of the islands from the rest of Papua New Guinea. The crisis has Australian dimensions: the Commonwealth government cannot be neutral since it provides a declining but still significant proportion of Papua New Guinea revenue and logistic support for the Papua New Guinea Defence Force. Many of the relevant aid agencies are also based in Australia or organise their efforts there. It is critically important therefore that Australians be accurately informed of events and conditions in Bougainville. Media coverage is at best uneven. The blockade of the island has made information scarce, erratic and unreliable. Clarity is also obscured by the fact that different policies are pursued by competing sections of the Papua New Guinea cabinet, and different stances have been adopted by the Bougainville Revolutionary Army, the Interim Government, and an increasing number of smaller organisations in Bougainville. It is this dearth of accurate information which led to the organisation of the second ANU conference on Bougainville in May 1991, bringing together various and disparate voices and perspectives on the crisis.

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