

The Bougainville conflict:
A classic outcome of the
resource-curse effect?

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INTRODUCTION

Mismanagement of the relationship between the operation of the Panguna Mine and the local people was a fundamental cause of the conflict in Bougainville. It directly created great hostility between the people of Bougainville and the Government of Papua New Guinea.

Although there were pre-existing ethnic and economic divisions between Bougainville and the rest of Papua New Guinea, the mismanagement of the copper wealth of the Panguna Mine both exacerbated these existing tensions and provided radical Bougainvilleans an excuse to legitimise the pursuit of violence as a means to resolve their grievances.

The island descended into anarchy, and from 1988 to 1997, democracy and the rule of law all but disappeared. Society fragmented and economic development reversed as the pillage and wanton destruction that accompanied the conflict took its toll.

Now, more than 10 years since the formal Peace Agreement¹ and over 4 years since the institution of the Autonomous Bougainville Government, there are positive signs that both democracy and development are repairing and gaining momentum. However, the untapped riches of the Panguna Mine remain an ominous issue that will continue to overshadow the region's future. How this issue is handled will be crucial to the future of democracy and development in Bougainville.

¹ Government of the Independent State of Papua New Guinea and Leaders representing the people of Bougainville, *Bougainville Peace Agreement*, 29 August 2001

BACKGROUND

Bougainville is the name of the largest island within the Solomon Islands chain in eastern Papua New Guinea, the second largest being Buka Island to its north. However, the name “Bougainville” is also used collectively to refer to the entire North Solomon provincial region which includes these and many more, much smaller islands. The region has 19 main language groups, with the population estimated to be between 160,000 and 200,000² and scattered in many, largely independent societies.



The North Solomons region

Source: www.azerb.com/maps-australasia-pacific.html

Bougainville first came under colonial control in 1885 by the Germans through the German New Guinea Company, and German missionaries and settlers arrived in small numbers. During the First World War, Australia occupied the German territories in the Pacific and in 1920 was granted a mandate by the League of Nations to administer the regions, including Bougainville.

² There has been no census since 1980

In 1942, the Japanese occupied the main islands during their Second World War offensives. Japanese troops remained in dwindling numbers until their surrender in September 1945. The territory reverted to Australian control after the war, this time under a United Nations mandate.

In 1964, Bougainville Copper Pty Ltd, a subsidiary of Australian mining company Conzinc Rio Tinto³, began drilling in the Panguna area near Arawa. The copper deposits in the Panguna Mine were large – it was soon to become the world’s biggest copper mine – and Western and Papua New Guinea workers soon arrived in larger numbers. However, in the late 1960s, local landholders began complaining to the Australian Government about the handling of the mine’s proceeds. The issue of compensation went to the High Court of Australia, where it was found that the compensation was inadequate under ordinary federal Australian law, but that as an external territory, Papua New Guinea was not guaranteed the same standards that applied to mainland Australia⁴.

Established in 1972, the Constitutional Planning Committee considered increased decentralised autonomy as part of their deliberations leading up to Papua New Guinean independence. However, the Papuan Parliament’s decision not to pursue the Committee’s recommendations on devolved autonomy did little to quash the secessionist movement in Bougainville.

In May 1975, the Interim Provincial Government in Bougainville decided to pursue secession from Papua New Guinea. Attempts to resolve the impasse between Bougainville and the Government of Papua New Guinea did not succeed, and 1 September Bougainville made the “Unilateral Declaration of Independence of the Republic of North Solomons”. Attempts to receive United Nations recognition and incorporation with the Solomon Islands failed, and the government of Bougainville resigned themselves to the sovereignty of Papua New Guinea.

Tensions over the Panguna reemerged in earnest in 1981. There was concerns from Bougainvilleans that profits from the mine, of vital importance to the economy of Papua New Guinea, were not being sufficiently repatriated for the development of Bougainville, nor were local landholders being compensated adequately. Tailings from the mine that were dumped into the Jaba River were blamed for causing birth defects and killing local wildlife. Francis Ona and Pepetua Serero formed the Panguna Landowners’ Association and demanded billions in compensation from the mine’s operators- a total of half the mine’s profits since it began in 1969.

Negotiations broke down between the landowners and Bougainville Copper Pty Ltd and Francis Ona formed the Bougainville Revolutionary Army (BRA). The BRA carried out acts of sabotage, arson and theft, eventually crippling the mine’s operations by blowing up the power pylons that supplied it electricity. The Panguna Mine closed on 15 May 1989 and has remained closed to this day.

The violence spread around the island as BRA attacked pro-compromise elements in the provincial administration, and riot police suppressed demonstrations by angry Bougainvilleans. Francis Ona unilaterally formed the Bougainville Interim Government (BIG) and placed himself at its head.

As violence escalated, the Government of Papua New Guinea declared a state of emergency and placed the island under the administration of the National Police Commissioner. Large numbers of Royal Papua New Guinea Constabulary were brought to the island, and the Papua New Guinean Defence Force (PNGDF) was called in. The BRA waged guerilla-style attacks upon the PNGDF, and in

³ The oft referred-to CRA Exploration was an intermediary subsidiary

⁴ *Benggong v Bougainville Copper Pty Ltd* [1971] HCA 31; (1971) 124 CLR 47

the anarchy other armed groups sprang up all over Bougainville. In a miasma of shifting alliances and agendas, the island descended into civil conflict.

The PNGDF imposed a blockade on Bougainville in May 1990 to which Francis Ona responded by unilaterally declaring independence. The new Government of Papua New Guinea elected in 1992 took a more hard-line stance and a series of bloody offensives followed. Attempts to secure an international peace-keeping force by Foreign Minister Sir Julius Chan were foiled by Prime Minister Pias Wingti. In 1994, Chan became Prime Minister and after negotiations with BRA / BIG stalled, he entered negotiations with the large Nasioi clan in the north of the main island, forming the Bougainville Transitional Government in April 1995 with its capital at Buka. Peace negotiations with the BRA / BIG and other armed groups continued with little progress. In January 1996, after negotiations held in Cairns, Australia, delegates were fired upon by a PNGDF patrol boat when attempting to return to Bougainville. In March 1996, in the face of ongoing and non-subsiding violence, Chan ordered the PNGDF back into Bougainville. Chan engaged in discussions with a London-based private military company - Sandline International - to provide mercenaries to assist in the push to secure Arawa and the Panguna Mine. What became known as the Sandline Affair brought international condemnation, pushed Papua New Guinea to the brink of a military coup, and forced Chan to resign.

After prolonged negotiations, the ceasefire brokered in New Zealand in July 1997 - the Burnham Declaration - largely held. This paved the way for a series of accords – the Burnham Truce, the Cairns Commitment, and the Lincoln Agreement – which established the Bougainville Reconciliation Government and invited an international Peace Monitoring Group (PMG) comprised of Australian, Fijian, New Zealand and Vanuatu forces to Bougainville to uphold the ceasefire. The PMG operated from May 1998.

Bougainville was granted increased autonomy by the national Government of Papua New Guinea and established its own constitution. Elections for the Bougainville's People's Congress were held in May 1999⁵. Elections for the first Autonomous Government were held in May and June 2005. Although widespread violence has subsided dramatically since 1997, violence and instability remains in shifting pockets to this day.

⁵ An interim measure in preparation for the autonomous government

PANGUNA MINE – A RESOURCE CURSE?

The original hypothesis of the ‘resource curse’⁶ is that “*natural resource abundant countries tend to grow slower than resource scarce countries*”⁷.

The ‘resource curse’ as it relates to conflict was expounded by Collier⁸, the hypothesis being that the presence of valuable and concentrated natural resources has a destabilising effect upon society which makes it more prone to conflict.

There is no doubt that the riches of the Panguna Mine played a significant part in the Bougainville conflict, both through the initial cause of conflict and its continuation. But was the conflict purely a result of this ‘resource curse’?

One argument of the ‘resource curse’ is that valuable resources imposes imbalances upon society by exacerbating the divide between the ‘haves’ – those with access and control of the resources – and the ‘have-nots’. This divide creates resentment and tensions between these two groups, creating and fuelling conflict.

The mine was the largest non-aid revenue stream of the Government of Papua New Guinea from the nation’s independence in 1975 to the mine’s closure. The national government received a 20% share of profit from the mine of which the Bougainvilleans received 5% - 1.25% share of the total profit⁹. Whilst there were Bougainvilleans who benefitted directly from the mine these were few in number and the benefits to society were limited and localised around the mine and Arawa. The rift between the ‘haves’ and ‘have-nots’ was thus largely confined to the national government and miners on the one hand, and the Bougainvilleans on the other, described by activist Moses Havini as “*the mother of all plundering*”¹⁰.

The repatriation of past mining revenue and adequate compensation for mining activities became a key sticking point for Francis Ona and the BRA, which became a phenomenon which spread to the rest of Bougainville as, described by Anthony Regan, “*a species of economic nationalism*”¹¹.

Another argument favouring the ‘resource curse’ hypothesis is that the mine brought about severe upheaval in Bougainvillean traditional society which contributed to the onset of conflict. As Ryan J describes the Panguna Mine:

⁶ As first expounded by Richard Auty in *Sustaining Development in Mineral Economies: The Resource Curse Thesis*, 1993, Routledge (Taylor and Francis Group)

⁷ p2, Collier, Paul and Goderis, Benedikt, *Commodity Prices, Growth, and the Natural Resource Curse: Reconciling a Conundrum*, 2008, University of Oxford Department of Economics

⁸ Collier, Paul, *Natural Resources, Development and Conflict: Channels of Causation and Policy Interventions*, 2003, Oxford University and the World Bank

⁹ Ewins, Rory, *The Bougainville Conflict*, <<http://speedysnail.com/pacific/bougainville.html>> accessed 24 June 2009

¹⁰ p11, Moses Havini, *The Long Struggle for Freedom*, New Age Publishers P/L for the Bougainville Freedom Movements

¹¹ p8, Regan, Anthony J, *Bougainville: The Peace Process and Beyond*, June 1999, Submission to the Foreign Affairs Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry

...[it was] a classical case of machine-made modernity being dumped rather unceremoniously into primitive communities still on the edge of the Stone Age.¹²

However, the effect of these stresses of modernity was localised to the environment directly surrounding the mine, and to a lesser extent Arawa where the copper ore was put to sea. Traditional, day-to-day life for the vast majority of Bougainvilleans remained unchanged by the mine.

Similarly, environmental damage and birth defects that were ascribed to the mine, although significant issues, were a localised concern to the Panguna, Jaba River and its immediate surrounds¹³.

Clans in Bougainville are matrilineal¹⁴ with only a few exceptions. There were Papua New Guinean women who arrived as or with the miners – daughters, sisters, cousins – who later married Bougainvillean men. Since most clans in Papua New Guinea are patrilineal, these Bougainvillean men found themselves without land and thus without long-term financial security. Personal compensation from Bougainville Copper Pty Ltd or the Government of Papua New Guinea thus became not only more attractive but also one of a very few limited options to guarantee an independent livelihood. When compensation was not forthcoming, their frustration mounted. Some were then willing to use violence to pursue their demands for compensation, or were attracted to the BRA as a short-term means of sustaining a living.

After the initial attacks of sabotage on the mine and the angry demonstrations, the Government of Papua New Guinea deployed police riot squads to Bougainville. As conflict intensified, arguably in part due to the heavy-handed repression of the police, the PNGDF was sent in to restore order. The PNGDF was inadequately prepared to face what developed into a full-scale armed guerrilla conflict. The importance of the Panguna Mine as a national revenue stream was a key reason for the Government's decision to deploy armed force which resulted in an escalation of the conflict.

Thus, there were many reasons for the conflict, its escalation, and continuance that can be attributed to the Panguna Mine – a direct result of the 'resource curse' of its copper wealth.

However, there were other significant factors which combined to shape the Bougainville conflict which cannot be ignored.

For example, whilst a major reason for the PNGDF and riot police's deployment was to secure the Panguna Mine, the effect of their conduct upon the conflict should be isolated. Although atrocities occurred on all sides, Amnesty International described the PNGDF's behaviour in Bougainville as "*a culture of impunity... [that] contributed to the continuing cycle of violations*"¹⁵. The inexcusable actions of the PNGDF heightened the conflict, leading to bloody reprisals by the BRA and other groups upon the PNGDF and their sympathisers.

¹² p328-329, Ryan, J, *The Hot Land: Focus on New Guinea*, 1969, St. Martin's Press

¹³ The extinction of the flying fox on Bougainville has often been attributed to environmental damage caused by the Panguna Mine, but there is little evidence to confirm this

¹⁴ Kinship and inheritance of property is determined by the female line

¹⁵ Amnesty International, *Bougainville - International Action Essential as Violations Continue*, 26 February 1997

Copra¹⁶ was the main source of income on Bougainville prior to the conflict. From 1987 to 1988, the price dropped by approximately one third, significantly affecting the incomes of most Bougainvilleans and creating economic instability in the region.

Noah Musingku, head of financial company U-Vistract, was a Bougainvillean who sowed additional economic instability. U-Vistract was a financial lending pyramid scheme into which approximately 60,000 Bougainvilleans invested¹⁷. By paying out some prominent figures, Musingku upheld the semblance of legitimacy and accumulated millions of kina in wealth.



A recent picture of Musingku, self-proclaimed king in a remote region in Southern Bougainville

Source: UNDP Papua New Guinea

Bougainville was also suffering from the economic malaise affecting all of Papua New Guinea since independence, which increased the disaffection for the national administration.

Whilst economic instability is not a definitive precursor to conflict, it certainly helps create the conditions in which conflict can flourish. As Collier's research posits:

Surprisingly, the most important risk factors [for conflict] were three economic characteristics: the level of per capita income, its rate of growth, and its structure. Doubling the level of income halves the risk of conflict. A percentage point on the growth rate reduces the risk by around a percentage point. Reducing dependence upon natural resource exports powerfully reduces the risk of conflict.¹⁸

A major non-'resource-curse' factor that contributed to the conflict was the secessionist movement, and the national response to the movement. Secession in Bougainville is based primarily upon a separate ethnic identity from the rest of Papua New Guinea. This is not peculiar in Papua New Guinea where over 800 different languages are spoken and there remains little cohesiveness of regional let alone national identity. However, the idiosyncratic aspect of the Bougainvillean identity is its association with the Solomon Islands. Directly prior to Papua New Guinean independence,

¹⁶ Dried coconut, used primarily in cooking and food products, and cosmetics

¹⁷ McKenzie, Stan, World Socialist Website, *Papua New Guinea fast money schemes: a financial house of cards collapses*, <<http://www.wsws.org/articles/2000/jul2000/png-i06.shtml>>, accessed 16 June 2009

¹⁸ p3, Collier, Paul, *Development and Conflict*, Centre for the Study of African Economies, October 2004, Oxford University Department of Economics

Bougainville had pursued the possibility of a political union with the British Protectorate of the Solomon Islands. This association with the Solomon Islands – an outside, distinctive identity – is a transcending force not found anywhere else in Papua New Guinea. As Anere describes it:

A Constitutional Planning Committee (CPC), which was set up in 1972 toured the country to gather the views of the people on independence. There was no resistance from any group except for Bougainville who wanted to secede from the rest of the country.¹⁹

Although there is no doubt that a separate ethnic identity played a role in the conflict, there is some doubt as to whether this was a part of the core rationale for the pursuit of conflict, or simply a veneer of justification to be used for political purposes. Anere continues:

Negotiation with the then government of Michael Somare (1974-75) resulted in the granting of provincial government status to Bougainville to appease them in their demand for secession. The Bougainville leaders accepted political autonomy; *it was not until 1989 when Bougainville's independence reappeared on the national scene as a major issue.* [Writer's italics]²⁰

It is worth noting that Francis Ona, the founder of the BRA, did not pursue independence until the blockade began in 1990²¹, and, more importantly, Bougainville itself is far from being ethnically cohesive. Regan notes:

There are 19 main language groups in Bougainville. No language group has ever constituted a political entity with centralised political authority. Rather each has long comprised small and still largely independent societies. The communities tend to be 'fragile', grouping and re-grouping as leadership changes or conflict occurs.²²

This would tend to downplay the importance of a transcendent Bougainvillean identity as factor behind the conflict. He goes on:

In practice Bougainvillean ethnic identity has most significance as a characteristic distinguishing Bougainvilleans from non-Bougainvilleans, as something asserted against resented outsiders. In the absence of 'threats' from outside, differences – including ethnic differences – between Bougainvilleans have tended to be more significant to the dynamics of Bougainville politics.²³

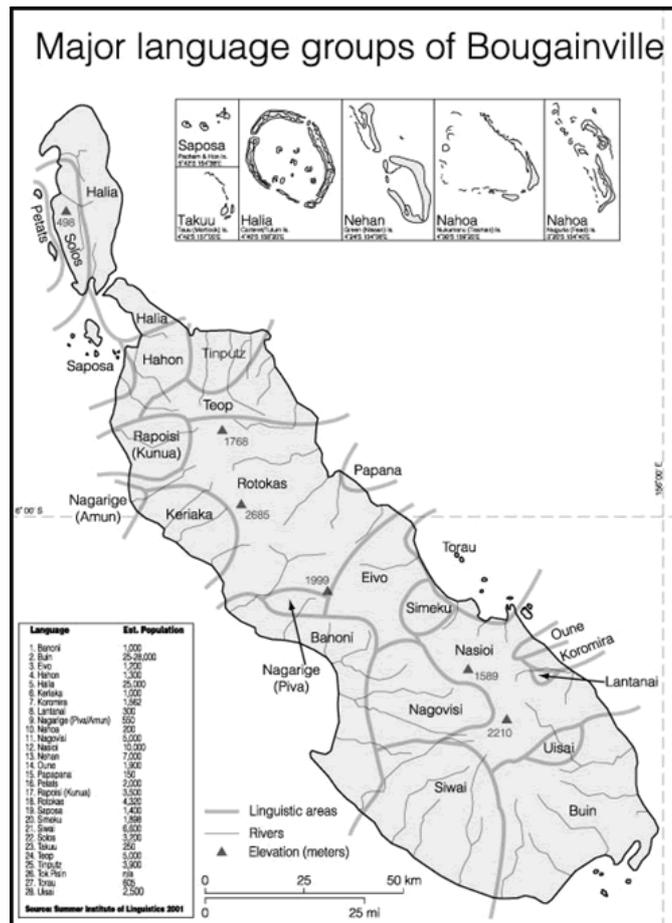
¹⁹ p23 Anere, Ray, *Ethnic Structure, Inequality and Governance of the Public Sector in Papua New Guinea*, 2004, United Nations Research Institute for Social Development

²⁰ p11, Ibid

²¹ The BRA unilaterally declared Bougainvillean independence in May 1990

²² p3, Regan, Anthony J, *Bougainville: The Peace Process and Beyond*, June 1999, Submission to the Foreign Affairs Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry

²³ p3, Ibid



This map of the clan / language groups highlights the diversity and cultural fractiousness in Bougainville

Source: <http://www.c-r.org/our-work/accord/png-bougainville/language-map.php>

On the importance of ethnicity as a cause for conflict, Collier agrees:

...characteristics, such as ethnic and religious fractionalization, political rights, and colonial history, do not show up as being important... Evidently, where conflicts occur in ethnically differentiated societies they are likely to be organised along ethnic lines, and the rhetoric deployed may well be that of ethnic grievance. However, we should be careful not to conclude from this that ethnic differences are the cause of civil war. The same differences, the same grievances, and the same personalities, can generally be harmlessly contained in the context of a middle-income country with a growing and diversified economy, yet may be explosive in the context of poverty, stagnation, and valuable natural resources.²⁴

Regan concludes:

In thinking about the conflict amongst Bougainvilleans, we need to ask whether single explanations are of much use? I don't think we can say there is a culture of violence in Bougainville... I don't think we can put it down purely to the mine or purely to the abuse, the appalling violence started by the

²⁴ p4, Collier, Paul, *Development and Conflict*, Centre for the Study of African Economies, October 2004, Oxford University Department of Economics

Papua New Guinean forces. Combinations of factors and serendipity seem to be more important than any single factor.²⁵

The Bougainville conflict is clearly complex, and Regan is right that not one single factor should be isolated as *the* cause of the conflict. We can however identify a series of predominant causes which can trace their roots directly to the Panguna Mine. Certainly the initial and directly subsequent violence centred on the mine, with the conflict escalating from there. Pan-Bougainvillean ethnicity should not be discounted as an important factor in the Bougainville conflict, but should be seen as an external projection of economic and inter-ethnic grievances.

²⁵ p16, Regan, Anthony J, *Conflict Among Bougainvilleans 1988-1998: Implications for the Peace Process*, 15 February 1999, SSGM/Political and Social Change Seminar

Conclusion: Implications for Democracy and Development in Bougainville

During the conflict, anything resembling a functional democratic society was suspended. However, as a submission to the Australian parliament highlighted:

...it is important to remember that prior to the uprising in 1989, Bougainville was governed by a democratically elected provincial government, that Papua New Guinea itself was and is a democratic state operating under a freely negotiated constitution and that it is an open society with a free press. Bougainville did not suffer intolerable oppression for which there was no redress available through constitutional means.²⁶

The new constitution of the Autonomous Government of Bougainville safeguards democracy in its codified form, continuing where its predecessor (the Constitution of Papua New Guinea) left off. However, the greatest threat to democracy in Bougainville comes from the possibility of conflict reigniting, an *“intractable... conflict between land issues and economic development”*²⁷. This possibility is inextricably linked with the resources of the Panguna Mine and balanced economic development. Havini despairs:

The big picture of the exploitation of resources is bound to lead to increased poverty and inequality. The gap between the “haves” and the “have-nots” can only continue to widen under these circumstances, negating the notion that ALL have the right to development.²⁸

So, how to surmount the ‘resource-curse’? Havini provides a solution:

Development must be holistic, balanced, and sustainable. It must not be dictated from the top downwards and must involve all citizens in a way that should maximise full participation, provide equal opportunities and distribution.²⁹

In essence, this means democratising development. It remains to be seen whether Bougainville can transcend its past - whilst the constitutional tradition is there, both genuine reconciliation and achieving consensus through (extensive) dialogue are required to translate this into practice.

²⁶ p39 Joint Standing Committee on Foreign Affairs, Defence and Trade, *Papua New Guinea Update*, Parliament of the Commonwealth of Australia, February 2001

²⁷ p34, *Ibid*

²⁸ p16, Moses Havini, *The Long Struggle for Freedom*, New Age Publishers P/L for the Bougainville Freedom Movement

²⁹ p16, *Ibid*

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