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NEW HEBRIDEAN CO-OPERATIVES

An Indigenous Adaptation of an External Model of Enterprise in Response  
to Economic Underprivilege

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Thesis submitted for the degree of Doctor of Philosophy  
in the University of Kent at Canterbury

September, 1978

ABSTRACT

Cooperatives in the New Hebrides started late compared to the movements in other South Pacific territories. Once established, their success was spectacular. I argue that the reasons for this lie in the former domination of the economy by traders and the major commercial houses.

The demand for cooperatives arose mainly from the people themselves as a means to break the hold of the traders. Although Western European in origin, the Cooperative Model has proved compatible with indigenous ways. The grassroots nature of the local movement has been the foundation of its success. Where the people's commitment has been lacking, cooperatives have experienced severe difficulties.

The performance of a cooperative depends greatly upon the quality and enthusiasm of its committee and its secretary/storekeeper. Instances are given of cooperative failures on these grounds. Store credit has often been cited as a principal cause of failure of indigenous business. This is not generally supported by the evidence of rural New Hebridean cooperatives.

An analysis of expenditure in cooperative stores reveals that the goods in greatest demand are imported foodstuffs and alcohol. Beer is the most popular purchase in licensed cooperatives. Capital equipment forms only a small percentage of purchases.

The economic behaviour of cooperative members conforms to a consumer-demand oriented model of production. Cash is not required for itself but for what it buys. Production is discontinuous and there is little surplus. Copra supply is affected by numerous variables but foremost are felt wants and the disutility of effort. Chayanov's concept of the Labour-Consumer Balance is used.

The conclusion is that cooperative enterprise has adapted successfully to meet New Hebridean needs and provides a basis for the development of the rural economy.

## Preface

This thesis is the culmination of an idea which arose while I was employed in the British colonial administration of the New Hebrides from 1970 to 1972. This was a period of rapid expatriate-controlled urban economic growth but indigenous agricultural output and incomes were declining. The main efforts to improve matters came from extension work coupled with a marked expansion of the number of government-backed agricultural cooperatives. I decided that if ever the chance came I would investigate the rural-urban disparity and see what was being done, or could be done, to remedy it. The chance eventually did come several years later but by then the New Hebridean economic and political scene had changed, as had my own somewhat naïve view of the problems involved. Nevertheless the lot of the rural people still seemed worth looking into. As the main link in the New Hebrides between the village cash economy and the national economy is through marketing and retail cooperatives, these were obvious candidates for research.

Most of the information on which the thesis is based was collected during fieldwork in the New Hebrides between August 1976 and May 1977. The work was financed by awards from the Social Science Research Council and the Emslie Horniman Trust. It may be unoriginal but I make no apologies for mentioning the names of a few of the many people who helped me in one way or another. It is difficult to single out individuals for special thanks but these are due to Iolu Abbil of Louaneai for his support and kindness throughout my stay and in particular for introducing me to the members of Ure Cooperative. Invaluable help was provided by my research assistant John Doughtman and cooperative secretaries Joe Iautim of Ure, Mele Whitecross of Isangel and Sam Ieru of Lenakel. I am grateful too for the hospitality and co-operation extended to me by the members of Ure and the people of Anelgahaut, Aneityum, and Piliura, Pele. I am very much indebted to former Chief Cooperatives Officer Wilf Walton and his staff without whom my research could never have progressed. O.D.A. volunteers Armel Craig, Chris Pearce and Denis Edleston deserve mention for providing good company and sharing the cooking whenever

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CHAPTER ONEINTRODUCTION

"As he was testing hypothesis number one by experimental method a flood of other hypotheses would come to mind, and as he was testing these, some more came to mind, and as he was testing these, still more came to mind until it became painfully evident that as he continued testing hypotheses and eliminating or confirming them their number did not decrease. It actually increased as he went along"  
(Pirsig 1974 : 114-5)

Primary cooperative societies in the New Hebrides have by and large been successful in improving the economic well-being of their members. From their inception in the mid 1960s, in little over a decade they have become the most popular form of indigenous enterprise. This thesis seeks to explain the reasons for this and to account for the failures which have occurred. A complementary theme is an analysis of the economic behaviour of cooperative members. A theory of cash crop production is developed which it is hoped may have wider relevance.

The empirical evidence was mostly gathered during nine months' fieldwork in the New Hebrides. Some 45 cooperatives were visited in all administrative districts of the Group. One particular society, Ure on Tanna island, was examined in detail. The basic data were compiled in three main ways. Firstly documentary records held at the primary societies and the Cooperatives Department's various offices were scrutinized. The societies' records provided data on, among other things, copra purchases, store turnovers, trade goods purchases and members' savings. The Departmental files provided information on cooperative performance, on government policy and a great deal on the history of individual societies. The second main method of data collection was through interview, informal discussion and observation. I talked with cooperative members, office holders, government officials, traders and missionaries. Thirdly, a social and economic survey was conducted at Ure Cooperative. A schedule of some 120 questions was administered to 70 of the 76 members of the society with the aid of a research assistant. The questions were open-ended and designed to furnish demographic and economic data and

attitudinal information. The answers were cross-checked as far as possible with the society's records.

The selection of Ure Cooperative for special study was not arbitrary but it had a number of features common to other primary societies. The main source of income is subsistence production but cash is needed for certain purposes. The cooperative has a strong kinship basis but there are also factional differences within it. Moreover Ure is one of the older-established societies, permitting an examination of performance over a longer time scale. Lastly Tanna is the most densely populated of the larger islands in the Group and, because of its strong adherence to traditional ways, has the reputation of being resistant to economic change. It was thus good ground for testing the suitability of cooperatives as development tools.

The thesis is presented in four main sections. Chapter two treats the economic history of the New Hebrides and the role of European commercial interests. A number of early indigenous attempts to establish businesses are considered and the reasons for their lack of success discussed. Cooperatives in the formal sense did not emerge until government backing was forthcoming; their subsequent development, the benefits yielded and the opposition of traders to them are outlined. <sup>I examine</sup> ~~Some space is devoted~~ to the wholesale organisation, the Cooperative Federation, which ran into severe financial difficulties. The differing performances of rural and urban cooperatives are discussed.

Chapters three and four are concerned with the formal structure of the Cooperative Movement and how it has operated in practice. The question of the size of cooperatives has exercised co-operators - should each village have its own society or will these be too small to be viable? A detailed look at the internal organisation of cooperatives is made and the importance of cooperative committees and secretaries is considered in depth. A number of case studies are presented of cooperatives which have experienced problems with secretaries. Chapter three concludes with a discussion of membership participation and how far New Hebridean cooperative practice conforms with formal cooperative

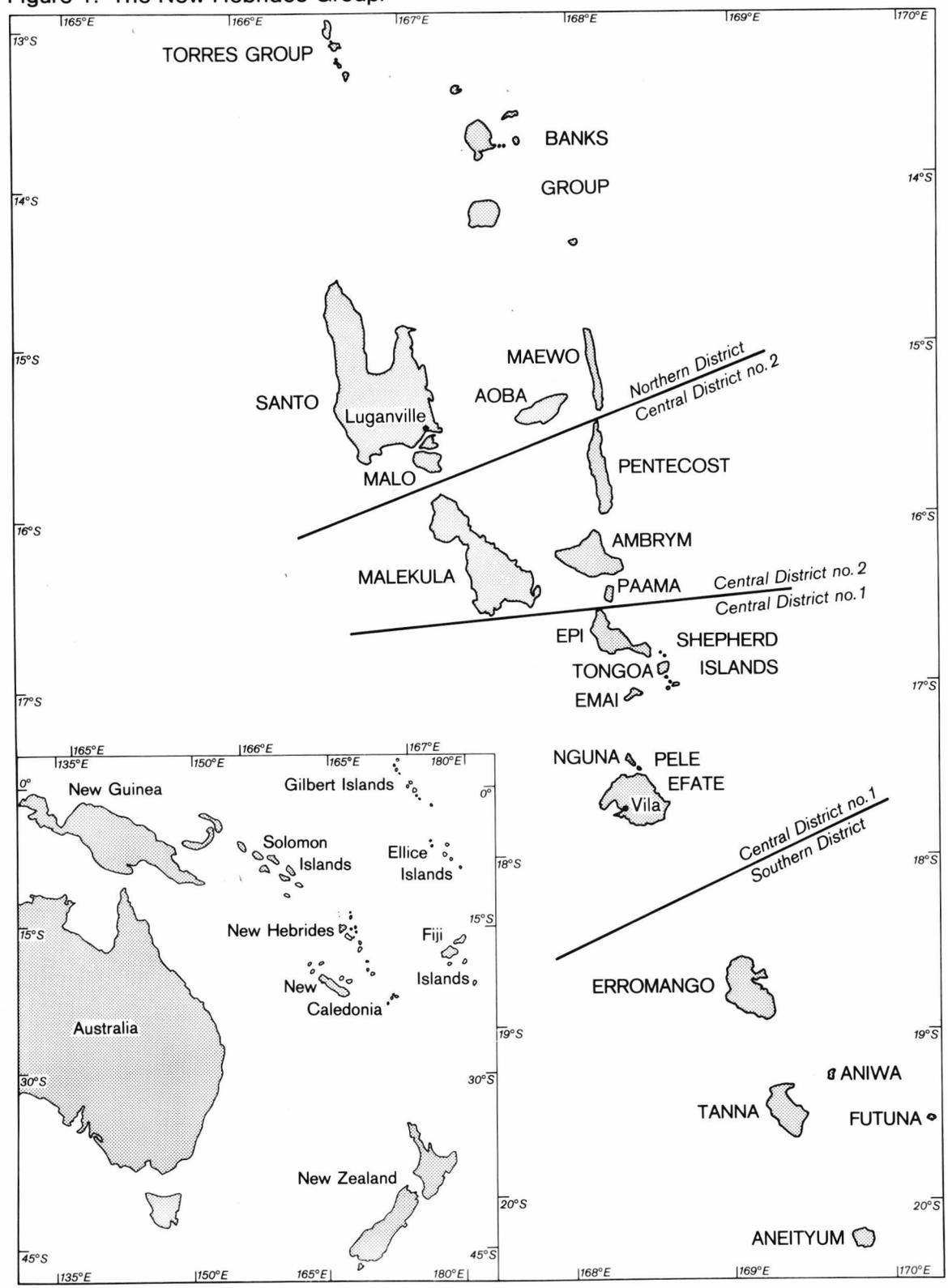
principles. The adaptation of the cooperative model to meet local social and economic circumstances is arguably a significant factor in its success.

The first part of chapter four analyses the patterns of cash goods consumption at Ure and other cooperatives. Expenditure on alcohol is examined; beer accounts for a surprisingly high proportion of total cash purchases. The switch to the Cooperative Federation from private sources of supply is also illustrated. The section concludes with a discussion on Cooperatives' pricing practices. Associated with cash goods consumption is store credit, claimed by many involved with small businesses to be the root cause of business failure in Melanesia. The extent of credit and the propensities to repay are investigated. The poor repayment records in urban societies and of "outsider" government officers indicate that credit is of particular concern where communal ties and obligations are weak. The discussion on store credit is widened to include agricultural credit and the low demand for this vis-à-vis consumer goods credit. The histories and operations of savings and loan societies and the Cooperative Federation Savings Bank are reviewed and the respective merits of the different savings institutions considered. Finally the low level of cash savings at primary societies is examined and explanations given for this.

Chapter five is a case study of cooperatives on one island, Tanna, and illustrates the effect of the local social and political environment upon cooperative development. An outline of traditional society and a history of the activities of missionaries, traders and administrators are presented. One result of these activities was the emergence of the John Frum cult and the implications of this for cooperatives are discussed. An examination is made of the early largely unsuccessful attempts to set up cooperatives. The growth of formal cooperatives is traced. Lastly a detailed analysis is made of the social and economic make-up of Ure Cooperative as representative of other societies on the island. Information is given, inter alia, on clan membership, religious and political affiliations, migration, local wage work, wealth holdings and attitudes to cooperatives.

The final section of the thesis uses the data obtained from cooperatives to support a theory of cash crop production. Though superficially a departure from the main theme, an in-depth explanation of producers' behaviour is needed in order to place the role of primary cooperatives in context. The format of the cooperative may be compatible with New Hebridean social organisation but are its economic functions appropriate? Against this background, I construct a consumer-demand model of production. Firstly, by drawing on Duesenberry's ideas of consumer behaviour (1949), I advance the concept of a perceived minimum level of cash income necessary to maintain a desired living standard. Secondly, evidence is given of the discontinuous nature of Melanesian cash crop production from which the production-for-use values model is derived. The variables governing the supply of the copra cash crop are discussed, in particular those of felt wants and the disutility of effort. I elaborate upon Chayanov's Labour-Consumer Balance (1966). A critique is included of Sahlin's interpretation of Chayanov (1974) and I test the Labour-Consumer Balance using data from Ure Cooperative. Chapter six is completed by a discussion on investment by New Hebridean producers and I develop a model of innovation and conservatism. The threads of the various arguments presented throughout the thesis are drawn together in the concluding chapter seven.

Figure 1. The New Hebrides Group.



Scale. 55 miles approx to 1 inch.

## CHAPTER TWO

### THE GROWTH OF THE COPRA ECONOMY AND THE DEVELOPMENT OF COOPERATIVES

#### The New Hebridean environment and people

The New Hebrides are situated in the South West Pacific between latitudes 13 and 21 degrees South and longitudes 166 and 171 degrees East (figure 1). To the north, Tikopia and the Santa Cruz Group are within 100 miles of the northernmost New Hebrides islands. To the south west, the Loyalty Islands of New Caledonia are about 150 miles from the southern-most islands. Viti Levu of the Fiji Group is 500 miles due east. The New Hebrides are an irregular Y-shaped chain of islands with a total land area of about 5,700 square miles, 50% of which is considered cultivable but only about 1/6 of this is actually cultivated. One island, Santo, covers about 25% of the total area. In all there are 12 islands of over 100 square miles each and another 60 or so small islands and islets. The islands are geologically very young, forming part of the Circum-Pacific Oceanic Ridge system, and are areas of vulcanicity and seismicity. Earth tremors are frequent and ten centres are listed as volcanically active. Average monthly rainfall in the north of the Group is 300-450mm from November to April (the hurricane season), and 200-300mm for the rest of the year. In the south, the respective figures are 200-350mm and 100-200mm. The average annual temperature range is from 18°C to 30°C. Usually about four to six hurricanes occur in the Western Pacific each hurricane season. It is estimated that any one island can expect serious hurricane damage once every five years. (British Information Service 1972).

The vegetation resembles that of New Guinea, the Solomons and Fiji; mostly rain forest but with some patches of grass land usually occurring at higher altitudes on the western, drier sides of some islands. Here and there the forest is cleared to make subsistence gardens. The principal food crops are yams and taro. Stands of commercially-exploitable timber may be found in a few places. On all islands, the grass is suitable for cattle grazing. Coconut palms grow readily at lower altitudes and are prevalent along the coastal

margins. Copra, the dried flesh of the coconut, is the main cash crop of the New Hebrides. Cocoa is also grown extensively and, on Tanna island in the south of the Group, coffee is cultivated.

The first census in 1967 revealed a population of 78,000, 92.5% of whom were indigenous New Hebridean 2.3% European, 2.3% other Pacific Islanders, .8% Chinese or Vietnamese and 2.1% other. A manpower survey was carried out in 1973 and the results of this are given in Table 1.

Table 1

Population by economic activity, excluding children under 15 years of age  
(42,266)

<u>Occupation</u>	<u>Persons</u>	<u>% age</u>
Subsistence agriculture only	1780	3.7
Village garden and copra-making	26330	54.3
Commercial plantation	2510	5.2
Personal domestic services	1099	2.3
Livestock and market gardening	214	0.4
Government employees	2816	5.8
Mission employees	893	1.8
Private sector	5040	10.4
School	3586	7.4
Other	4216	8.7
	<u>48484</u>	<u>100.0</u>

The urban population in 1967 was 10,300 (13%). In December 1976, it was estimated that the total population had increased to 98,750 of whom 23,500 (23.8%) lived in the two urban centres of Vila and Santo.

There are over 110 languages spoken in the Group (Tryon 1972). The most widely spoken, Ngunese, has 4500 speakers but because of the diversity of languages and dialects a lingua franca is used, now called Bislama, which closely resembles New Guinea Pidgin. The people are predominantly Melanesian in culture. Descent in New Hebridean societies may be traced either matrilineally (to the north of Malekula) or patrilineally. Land ownership is vested

in the lineage and the individual has usufruct by virtue of his membership of a descent group. New Hebrideans tend to live in small hamlets, although mission influence and depopulation have resulted in the creation of large villages in some areas. There is generally an absence of strong traditional political authority above the village or community level. In terms of formal religious adherence, the 1967 census recorded that 40% of the population were Presbyterian, 16% Catholic, <sup>15% Anglican</sup> 15% other sects. 14% adhered only to custom. Rural education and health services were for a long time left in the hands of the missions. Only in 1971 did the British education department take over the anglophone mission schools and, until 1973, the main British hospital in the Group was operated by the Presbyterian Church.

Government administration of the Group is undertaken by three public services: the French and British national services and the Condominium service. This stems from the Anglo-French agreement of 1906 which laid down that the New Hebrides was a region of "joint influence". Thus there are two, sometimes three, departments for a function that would elsewhere be dealt with by one authority e.g. two police forces, three legal systems, two education services, three medical services and two cooperative departments. Two currencies are in circulation. The French and British continue to govern the territory as a colony although a referendum is planned for 1978 to seek the people's verdict on the question of independence. The first indigenous political parties emerged in 1972 and are split into two main groupings - the Vanuaaku Party and the Tan-Union. Very broadly, the former derives its support from the British-oriented New Hebrideans, especially those educated by the Presbyterian and Anglican missions, and the latter from the French-oriented New Hebrideans as well as European commercial interests. The 1976 Representative Assembly membership was as follows:

	VANUAAKU PARTY	TAN-UNION	INDEPENDENT
Elected via universal suffrage	16	10	3(MANH Nagriamel)

"Chiefs" via electoral College	3	1(Tanna)	-
Chamber of Commerce	-	-	6(All Europeans)
Cooperatives	2(Federation)	1(SCAF)	-
	<u>21</u>	<u>12</u>	<u>9</u>

The Vanuaaku Party obtained 54% of the popular vote in the 1975 election but, as the Independents invariably voted with Tan-Union in the Assembly, they were unable to exercise their majority power. They subsequently withdrew from the Assembly over this and refused to participate in the election which followed. The present Council of Ministers is composed of Tan-Union representatives and their allies.

The cash economy, as with the administration, has been dominated by Europeans. Copra marketing and the distribution of trade goods were controlled in the islands by traders who dealt through the two main commercial houses, Comptoirs Français des Nouvelles Hébrides and Burns Philp (New Hebrides) Ltd. Transport was largely in the hands of European interests, traders concluded exclusive arrangements to deal with the commercial houses and there was some collusion to restrict competition. The system effectively prevented the New Hebridean from gaining direct access to the overseas market or sources of supply. The development of cooperatives which broke for the first time in a major way the European control over island trade, must be viewed in this context.

The growth of the copra economy. Early contact period and the establishment of plantations.

It is believed that, prior to European contact, indigenous economic behaviour conformed to the general Melanesian pattern, emphasising swidden cultivation for subsistence and pig rearing for social exchange. Trading in traditional goods (including pigs, mats, foodstuffs and dyes) took place between neighbouring islands or within islands between coast and interior (Bedford 1973 : 191). The arrival of European whalers and sandalwood traders in the 1820s did little to change matters, although the ruthless methods of

sandalwooders in particular aroused hostility among the coastal people of the southern islands. (Shineberg 1967, Harrisson 1937). A significant new phase was marked by the arrival of the first missionary in 1839 but there was no permanent mission in the Group until nine years later when the Presbyterian John Geddie came to live on Aneityum island. Around this time, recruiting for the cotton and sugar cane plantations of Queensland and Fiji began and from the outset serious conflicts took place between recruiters and Melanesians. The decade also saw the first European-run trade station established. In time, other trade stores were founded, exchanging trade goods, including guns, for sandalwood. On Tanna, goods were traded for pigs, which in turn were traded onto neighbouring Erromango for sandalwood (Harrisson 1937: 141). The cargo reached uncontacted areas via the traditional trade networks. The sandalwood trade faded away in the 1860s but the labour trade - "blackbirding" - took over. Australia and Fiji were the main destinations but New Caledonia had started importing from 1857. The blackbirders used all manner of means to acquire labour and were not above kidnapping (Harrisson 1937, Hothouse 1969, Docker 1970). But they also offered a road to the outside world, which became more attractive as labourers returned with new wealth and stories of the plantations. Between 1863 and 1906, it is estimated that at least 40,000 New Hebrideans were shipped out, including those who made the trip more than once (Bedford 1973). The whole period is chronicled by acts of violence on both sides. Recruiters were assassinated, villages shelled in retaliation and the occasional missionary was killed as the natives took their revenge on white men in general. By the early years of the 20th century, the labour trade to Australia was finished due to hostile public opinion and the White Australia Policy. The last New Hebrideans were repatriated from Australia in 1907 but recruiting for the New Caledonian nickel mines and New Hebrides plantations continued.

The money-making opportunities for the white men within the New Hebrides were from trading or planting. The notorious Ross Lewin, a sometime blackbirder, established a trade store and plantation on Tanna in 1870. Planter Macleod set up on Efate island in the same year. The early plantations were of cotton

or maize. Coconuts, coffee and cocoa were planted after 1880. Workers were recruited by using the techniques of the blackbirders. Payment for labour was frequently made in kind and sometimes planters issued their personal currency, redeemable only at their own stores. Both traders and planters were no more loved than recruiters and suffered similar fates. The expansion of plantations occurred for two basic reasons, first was the land-grabbing activities of John Higginson, second was the growing economic importance of the coconut. Higginson was a naturalized Frenchman of Irish extraction who had made his fortune in New Caledonia. An anglophobe, he intended that the New Hebrides should become French. The most effective way to accomplish this was through the acquisition of land by French citizens. In 1882 he floated the Compagnie Caledonienne des Nouvelles Hébrides and began land purchases. He eventually claimed some 350,000 hectares, nearly 60% of the total cultivable land area. This was supplemented by attempts to settle French emigrants on land on Efate in 1887. 30 acre lots were handed out to aspiring settlers. Extensive depopulation, due mainly to disease aided by the gun, made it all the easier to occupy land.

The second reason for the expansion in planting was the growing demand for coconut oil, used in the manufacture of soap and margarine. The coconut tree is indigenous to the New Hebrides and the first copra was traded from the Melanesians. European growing started on the Macleod plantation on Efate, backed by Higginson. But by 1888, there were still only 400 hectares of all crops under white cultivation (Harrisson 1937: 283). Yet 10 years later, production of copra was 2000 tons, comprising 54% of total exports by value. In 1904, output was up to 2,500 tons but it was not until after the first world war that production forged ahead. Over 5000 tons were exported in 1921, nearly 7000 tons in 1924, and 12700 tons in 1928 - the highest total pre-world war two (Harrisson 1937: 288). A labour shortage led to Vietnamese coolies being imported, the first arriving on an Epi plantation in 1921. By 1929, there were some 6000 in the Group but most were repatriated during the Depression.

The Depression hit production badly, the copra price in 1933 reached an all

time low of A£3.8 - in 1925 it had been A£22 - and production was down to 7000 tons (Harrisson 1937: 288). Planters' confidence was at a low ebb, The economy in 1934 is described by Harrisson (1937: 312):

"the economy is simple. Plantations run by white men or half castes, employing labour who are paid around £12 a year and spend all this money in the plantation stores buying goods. To a lesser extent native plantations on a few islands, and a good deal of trade done by small ships which exchange European objects for small quantities of native produce".

This picture had not changed much by the time Wilson undertook his economic survey in the 1950s (Wilson 1966). In 1934, the principal Melanesian cash-earning produce other than copra were shell, sandalwood and sea slugs. Native copra output was about one quarter of the total copra production (Harrisson 1937: 289). The main imports were rice, tinned goods, other groceries, and liquor and tobacco (these last accounting for about 20% of the total by value in 1930 and 1931). A disproportionate amount of imports was for the small European population but large quantities of trade goods were being demanded by New Hebrideans. Trade goods were also the medium of exchange, sticks of tobacco in particular being used as money (Ibid: 228). One development of importance in the 1920s and 1930s was the growth of Chinese enterprise. The Government Report in 1931 recorded that the Chinese had "numerous small shops" in Vila. Today, the Chinese are firmly entrenched in retail trade and commerce. One trader, Fung Kwan Chee, accounted in 1976 for 15% of agricultural produce exports and was the third largest produce exporter. (Joint Office of Development Planning 1977).

The missionaries have been an important influence on cash cropping. Allen concludes that the early Christian converts on Aoba were frequently ambitious young men who had not the resources to obtain success through the traditional grade societies.<sup>1</sup> (Allen 1968: 32). They therefore turned to Christianity as a means to obtain status "by directly opposing the traditional leaders at the

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1. This may have been a later development. Harrisson considers that the very first converts were outcasts who had nowhere else to turn to: "widows, potential suicides, natives fleeing from native justice and lonely sick old men" (1937: 167). The missions were also used as a means to gain ascendancy over rival groups (Guiart 1956: 139 and Allen 1968: 37).

very basis of their authority and by proposing a new way of life based on the Bible and cash cropping". The planting of coconuts signified much more than a way to obtain trade goods, it brought prestige. Cash cropping also offered an alternative to the Queensland experience and the missionaries encouraged it for this reason (Guiart 1956: 129). On the other hand, traders were not liked by the missions as they were considered to subvert their converts. A way round this was to bring in lay members of the Church as traders. On Tanna around the turn of the century, there were four mission-supported traders on the island, one of whom was the assistant to the missionary (Guiart 1956: 129). On Aoba, the "missionary cum trader" Purdy set up in 1907. Business grew so quickly that three years later he asked his Church to send out a full time missionary in order that he could concentrate on trading. Harrisson put forward another link between Christianity and cash cropping - the intriguing concept of "shirtism"

"A native could not be a Christian in his own clothes... Economically, the mission natives were thus firmly yoked to the trader and to copra or sandalwood production in that they might get clothes" (1937: 155)

The political role of the Presbyterian missionaries has also been important. The traders and planters, irrespective of nationality, regularly urged the French Authorities to annexe the islands in the belief that they would get a better deal under French law. The Pacific Islands Protection Act, passed in 1872, had regulated recruiting by British Subjects. The French were under no such restraint. In 1875 British traders and planters on Tanna had petitioned the Governor of New Caledonia for annexation. In 1876 the British planters on Efate did likewise. In opposition to this, the missionary John Paton spent much of his time constantly battling against what he regarded as an attempt to obtain an open door on the abhorred labour trade. The activities of Higginson in 1882 brought the threat of French annexation nearer and the Presbyterian Church of Australia in the same year demanded that Britain annexe the islands instead. In 1883, from Paton's strong hold on Tanna, came a plea from the Tanna chiefs to protect them from France. As a result of these manoeuvres and counter-manoevres, France and Britain agreed to share power. A Joint Naval Commission was created in 1887, leading eventually to the 1906 Convention,

establishing the New Hebrides as a Condominium. In Harrisson's opinion, John Paton "more than any other person was responsible for the belated, niggling, gradual control of the Group; he fathered the bastard Condominium" (1937: 181).

The American "invasion"

During the war, copra shipments continued at a high level, dropping a little in 1940 as the fall of France cut off the Marseilles copra market. Exports reached a peak of 16000 tonnes in 1943. In these years, two events were to occur that had lasting impact; firstly the appearance of the mythical John Frum on Tanna, secondly the arrival en masse of the American forces and their equally sudden departure. In a sense, John Frum became more of a reality than the Americans and belief in him strongly persists today. He will be discussed further when the history of Tanna is outlined. The Americans came to Santo in June 1942 and overnight created a city in the bush. The Palekula airstrip, one of three, was built in just five days and from the first it started handling hundreds of aircraft. In 1944, 100 to 150 ships were anchored off Santo daily and over 1000 aircraft were operating out of Palekula. The number of American troops was in the region of 100,000, greater than the population of the entire New Hebrides. Labour was imported from all over the Group. Then, as the war in the Pacific moved on, the Americans left as suddenly as they came. The wealth of material disappeared in a matter of months, climaxing in an orgy of destruction when everything that could not be carried away was ditched in the sea. Consumer durables of all types in good condition as well as the trucks which carried them to the dump were destroyed. The scene resembled a potlatch-gone-mad. It left an indelible imprint in the minds of those Melanesians who witnessed it:

"This then was the end of the American miracle. Their insanely grandiose destruction created a legend around them winning them a mythical prestige, which has lasted to this day" (Hours 1976: 38).

The effect of the American occupation was to raise the desire for manufactured goods to a new level. The Melanesian had been in the presence of an abundance of material wealth but he was able only "to look without possessing, to use without abusing" (Hours 1976: 39), thus precluding both the enjoyment of the

object for itself and its use as a prestige token. It was therefore not surprising that cargo cults or associated myths developed. The postwar period saw the emergence of two important examples of what Guiart terms "border line" cargo cults of relevance to the development of cooperatives in the New Hebrides. One, the Malekula Native Company, was a precursor of formal cooperatives. The other, Nagriamel, was an alternative form of cooperation.

Cargo cultism and native companies:

Malnatco

The affair of the Malekula Native Company, or Malnatco, as it came to be known, had important implications for the formal Cooperative Movement in the New Hebrides. In 1939 three men in north Malekula started a company in which copra was to be produced jointly, the proceeds going into a community bank. It was promised that company shops would distribute the cargo<sup>2</sup> freely and in time there would be hospitals and schools.

An area was cleared and coconuts planted. The produce that the company already had was disposed of by a Vila trader, Donald Gubbay. The war intervened and only one consignment was delivered but the collective clearing and planting continued until 1941. By then, coercion had to be used to keep the people at work and one of the original leaders, Paul Tamulum, served a spell in prison for this. The American occupation drew labour to Santo and the company became dormant. Yet the American plenty drew visions of a "golden future" (Guiart 1952: 430), which the leaders of the company used as propaganda to attract support. At Matanvat, the company's home base, the American flag was hoisted. For this action, Paul Tamulum, accompanied by two others, Charley Ragh Ragh and Bule John, was returned to prison.

With the war over, the company restarted its activities. On Malekula, Charley Ragh Ragh set about marking out an airstrip for the planes bringing the promised cargo. Bule John was engaged in similar work on Pentecost, for which he received a further prison sentence in 1947. Meanwhile Paul Tamulum was

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2. "Cargo" is the pidgin word used generally to refer to trade goods or, more specifically, manufactured imports.

advocating the original idea of communal production and distribution. In 1949, the son of Donald Gubbay arrived in Santo and was contacted by the company. He became their commercial agent and the business brain behind the organization. The immediate aim was to supply 200 workers free to Gubbay for 11 months in return for which he would give Malnatco his boat. Pressure was exerted on the people of North Malekula to join the company. The whole population was enrolled as life members. Each member had to pledge all of his descendants to membership and give most of his land to the company. The reluctant members approached the French District Agent (Government Officer) for help.

His subsequent enquiries unearthed a confusion of accusations from aggrieved parties. These included labour recruiters, planters and Seventh Day Adventist missionaries who all saw their interests threatened. The organizational network that developed was complex, evolving into three local autonomous units, Malnatco on Malekula, Ambnatco on Ambrym and Pennatco on Pentecost. Gubbay operated the "Mother House" at Santo and ran two companies: "Traders Union" for the commercial transactions and "Transpordon" for transporting copra and cargo. In effect, Gubbay held the purse strings and even had a quasi-military arm in Santo to enforce discipline. The members of a company worked for no other European than Gubbay. One means of raising money was to hire out workers, up to 100 to 200 at a time, to the trading houses to unload ships. The workers were fed and housed but received only a meagre wage. The balance of the revenue went into the company's bank. The collection of company members' copra also brought in funds, the price received was wholly retained but "once or twice" payments in kind were made although not for the full value. Despite all these sources of revenue, when the company's books were investigated the members were shown to owe Gubbay £200 (Guiart 1952: 431). The main debit items were goods supplied to the various stores and launch repairs.

While the investigations were underway, the leaders, fearing the suppression that the John Frum cargo cult people were subjected to, expelled Ragh Ragh from the company. Ragh Ragh had admitted contact with the exiled leaders of

John Frum on Malekula. At the beginning of 1953, Gubbay was attempting to withdraw from the organization. Malnatco's operations had been much reduced, although recruiting for the unloading of ships continued on a "much smaller scale" (Guiart 1956a: 327). Some of the company's stores had stock but others, including that at Matanvat, were nearly empty. Paul Tamulumlum was still active at his father's home on Aoba, where his own company sold copra to the Gubbay family and operated a store. Malnatco activities gradually ran down. The company fragmented into small units, some of which lingered on for a few more years. Paul Tamulumlum died and the place where he was finally buried in north east Malekula became a shrine.

Malnatco was important, as despite its cargo cult associations and the dubious role of a European, it represented the first major attempt by New Hebrideans to run a large-scale economic enterprise. Furthermore it brought New Hebridean commercial aspirations to the notice of the authorities. The first cooperative legislation was a direct result of this, specifically Joint Regulation No 9 of 1951 which provided "for the control of Native Cooperative Societies and Companies". The basic intention of the legislation was to subject the books of every company or cooperative to annual audit by the District Agents and so avoid the abuse that characterized the Malnatco affair. In the event, a requirement that formal accounts be kept meant that no company or cooperative was ever registered under this regulation. Thus the legislation effectively prevented indigenous collective enterprises from having any legal standing and stunted their development.

#### Nagriamel

The second "borderline cargo cult" emerged much later than Malnatco. The Nagriamel movement was formed in Santo in 1964 by an alliance between Jimmy Stevens, an ex-bulldozer driver, and Paul Bulluk, a custom chief of interior Santo. Jimmy was the charismatic figure behind Nagriamel and, as the "Chief President", he made most of the decisions. Bulluk provided the custom authority. Nagriamel's aim was to secure the return of alienated land, particularly that which planters had never cleared - the "dark bush". However

it had wider implications as "a vehicle of numerous Messianic and mythical elements within a very formalised politico-economic organisation, pragmatic in appearance but which seems to promise more than it can give" (translated from Hours 1974: 227). Land in east Santo at Vanafo was occupied and a community established to farm it. As a result of Nagriamel's agitation, including a petition to the United Nations, the white planters and developers handed over large tracts of dark bush, so buying off the threat. Bulldozers were loaned to clear land. From being anti-French, Jimmy found himself allied to them. They could provide what he needed to maintain his position. In the context of the French-British power struggle, the French administration built at Vanafo a school and a clinic, laid on a water supply and constructed a road from there to north Santo. Most significantly, between 1973 and 1977 the French State handed back 43,668 hectares of land to Santo custom owners. Société Française des Nouvelles Hébrides, the successor to Higginson's company, was also indemnified by the French Government for 37,797 hectares returned. In 1976 Nagriamel was demanding that the British authorities quit the island. The French could stay as long as they observed custom rights.

On the economic front, the Vanafo land was farmed collectively by families from various islands. These families were very mobile; frequent movements between Vanafo and the home areas occurred and land rights were retained in the place of origin. Each separate island group was housed in its own compound and every household was allocated a small plot of land on which to grow crops for its own consumption. All the male adults were expected to work on communal land every Monday and Friday. In addition there was a body of workers who were employed on the communal land or were hired out to local planters. These people were fed by Nagriamel and received wages but substantial deductions were made as a levy to the movement's funds. The communal farm was largely unsuccessful due to internal problems of participation and external marketing difficulties.

Hours noted the adventism that pervaded Nagriamel. For instance, the Ambrymese people at Vanafo were expecting the school to turn into a University,

the single tractor to be replaced by an army of bulldozers (symbols of power) and cars and trucks to travel on a network of roads centred in Vanafo. Yet these same people were among the most productive in the community. Hours explained the apparent ambivalence by suggesting that Nagriamel was activist when it marketed products through collective work, and adventist when it seemed to await an outside intervention which would overcome all the numerous difficulties encountered (ibid: 238). He added that there was no radical contradiction between activism and adventism - the dream of cargo being a motive to work in order to fulfil aspirations. The same point may be made for Ure Cooperative on Tanna where the people retain a belief in John Frum. When I asked one member why they had not resorted to the more explicit cargo cultism exhibited elsewhere on the island, the answer was immediate. Gesturing to the stocked shelves of the store, he said "but this is John Frum's cargo". In short, the people believe that John Frum's cargo will come but you have to work for it. The missions had given out a similar message concerning the Kingdom of God.

Nagriamel was still going strong in 1977, despite internal dissension between separate factions and between Santo people and other islanders. However, the character of the movement had changed. It was no longer anti-white in tenor. Its policy has been recently reported as being "to back free enterprise and give every incentive for foreign businessmen to set up in the New Hebrides" (Pacific Islands Monthly, February 1977). It has entered the national political arena; in the 1975 election Nagriamel and its associated party, Mouvement Autonome des Nouvelles Hébrides, founded by an ex-planter, obtained 12% (6299) of the total national vote. Jimmy Stevens himself was returned to the Representative Assembly in a by-election in October 1976. In 1978, Nagriamel was claiming 25,000 members. The future course that the movement will take is hard to say but clearly it has demonstrated that Melanesian collective action can achieve considerable results, even though the motives of the white backers may be suspect.

### Preconditions of Cooperative Development

In the same year that Nagriamel was created, the British Cooperatives Department was established. The first formal cooperative in the Group, Lumbukuti Cooperative Society on Tongoa, had opened its doors for the first time in August 1963. This marked the culmination of a protracted process, dating back to the enquiry into Malnatco and other native companies.

New Hebrideans had long been given to forming companies, of which Malnatco had been a variation. The word "company" covers almost any form of New Hebridean community or kin-based collective economic enterprise, whether or not it is solely inspired by the profit motive. Commercially-motivated companies were frequently started under the impetus of a big man or local trader in order to achieve a given end, such as the purchase of a boat or truck. When this was attained, the company would break up. Other companies would have longer term functions, including operating a store. Malnatco could be classed as an ambitious example of the latter group, although it too set itself short term targets. The main ways companies raised capital were by selling copra or by wage work. The method of dividing the proceeds varied and a frequent cause of dissolution was the complaint that fair shares were not made or that one man was contributing too much in relation to others. Whatever the form of the company, it would be wrong to regard them as parallel to European commercial firms or embryo cooperatives, as Guiart has done (Guiart 1952, 1956a). The label "cooperative" had been popularised by the missions who had set up a number of quasi-cooperatives. However, few of the missionaries and even less of the members had any notion of the Rochdale principles of cooperation. It is apparent that some of these "cooperatives" were run as much for the benefit of the mission as the membership.

At the height of the Malnatco affair in 1953, Guiart had found 19 quasi-cooperatives in the Group. It is worth looking at some of these and other forerunners of the formal cooperatives. At Wala on Malekula, near the heartland of Malnatco, the French District Agent had helped to establish a company as an alternative to Malnatco. Copra was sold direct to the French commercial house,

Comptoirs Français des Nouvelles Hébrides (CFNH), and the store was supplied by them also. The Wala company was viable at the time of Guiart's visit in 1953 and had been operating for two or three years. Unfortunately, the 1952 hurricane had reduced copra supplies and credit was being extended. Moreover, the local chief had been expelled from the group and had taken over the management of a European-owned store nearby. As might have been forecast, this company faded from sight. In 1957 another company was created in the district, Anselme's company. This was started by 23 men who joined together to produce copra which they sold to a trader for £45. With this money they opened up a store, thereafter ceasing to make copra. Later on more men joined and dealings in copra restarted. Although no books at all were kept, the store-keeper (Anselme) was said to have an encyclopedic knowledge of money matters. Credit was not allowed for more than a few days and, in August 1962, the store was well stocked and there was £1400 cash in the till. Copra was bought at £33 per ton from non-members, £34 from members and sold at £35 to CFNH. The CFNH ship called every week.

Anselme's company did not have the field to itself. Firstly, the remnants of Malnatco were joined together in Ati's company, Ati being one of Paul Tamlumlum's lieutenants. Using his own launch, Ati freighted his own and other members' copra to Santo for sale to commercial houses. He also bought trade goods for his own store. A more serious threat to Anselme's company was from the Wala Roman Catholic Company. This company was formed in 1962 at the instigation of the local Roman Catholic missionary. His intention was to operate against CFNH whose main aim in his opinion, was to obtain forced labour on their plantations from natives working off debts that they contracted with the company from the purchase of liquor. (British Cooperatives Department, Tour Notes 1963). The priest kept a close eye on the company's affairs. The store stood in the mission grounds and the secretary's books were kept in the mission office. The Cooperative Officer reported that,

"the company is far from a community of copra producers or consumers joining together to organise themselves on communal lines for their mutual benefit. The system is very autocratic and there is no question

of the committee going against his (the Missionary's) views... He justifies his attitude by saying that the native is incompetent to run his own society and that it is necessary for a European to do it for him"(ibid).

Despite this, or perhaps because of it, the cooperative was a commercial success. The members were 44 men from Rano and 34 from Wala. The original aim was to buy a tractor and a grass-slasher. The capital per member was £20, raised by copra and stevedoring at Santo and Norsup. The Catholic Mission contributed £100. In due course the tractor was bought and the company expanded its activities. In 1963 the company was buying copra at £35 a tonne (CFNH bought at £30-32) and sold to the Chinese trader Fung Kwan Chee. The copra was transported either on the mission ship at a subsidised rate of £3 a tonne or on a Chinese ship at £4 a tonne. By the end of the first year a store was in operation.

Although Anselme's company had collected a few mission-company deserters who did not want their commercial lives run by the Father, the general effect was to hit Anselme's company hard. They approached the British Cooperative Officer for advice on how to form themselves into a cooperative to compete. Nothing materialized and Anselme's company disappeared from the stage. The Roman Catholic Company was to become a permanent part of the cooperative scene. It became the second French-supervised formal cooperative to be registered in the Group, even though it was a cooperative in name only. As an illustration, when the by-laws for the society were drawn up, compulsory prayers at meetings were written into them. The Cooperative Officer's final comment on Wala business activities evokes the standard image of pre-cooperative New Hebridean commercial activities as "wonderful comic opera stuff with the wicked trader, the righteous missionary and the drunken New Hebridean all playing their parts" (ibid).

In 1963 the British Cooperatives Officer toured the islands to assess the cooperative potential. This was the most comprehensive survey of Melanesian economic enterprise to date and his findings are summarized below.

North Pentecost. There were several small stores and a number of New Hebridean-

owned launches and trucks, most out-of-action. Silas, the owner of the largest store in the area, also recruited labour for the Santo and Malekula plantations. His store was constructed in permanent materials at a cost of £2000 and had been operating for 16 months. Credit was only allowed to trusted salary earners who had to settle at the end of each month. Books were kept and "generous" mark-ups on cost made, up to 100% in some cases.

South Pentecost. Six villages had formed a company to buy a 65 hectare property from a planter. Most of the property was developed with coconuts, some coffee trees and 150 head of cattle. The purchase price of £7000 was raised in three and a half years. 60 men were available to work full time cutting copra, the proceeds from which were put towards buying another, larger, piece of land. The copra was later to be marketed through Patni Cooperative Society although the company remained separate.

North Ambrym. A company had operated a store at Rammuhu since 1954 (eight years). At the outset, it sold copra "firm" to CFNH and bought trade goods from them. Latterly, it had sold copra and cocoa "on consignment" i.e. an advance payment plus the net return realised at Marseilles.<sup>3</sup> At Baiap, a company was organised in order to buy a landrover from the Australian commercial house of Burns Philp. The purchase price was being raised by selling copra through Burns Philp on consignment. Another company at Port Vato aimed to buy a tractor and trailer. At Ranon, there were three stores close together: the large well stocked store of the local planter, who allowed credit only to his workers; Solomon's store, run since 1958 (four years) by a man from another village; and a newly opened store belonging to a local man. The attraction of Solomon's store was probably credit - in April, 1962, £414 was outstanding. As the store stock was valued at £232 and the cash held was £148, Solomon's financial base was precarious. Solomon also brought copra and worked for the planter. The third store had opened up about a month before the Cooperative Officer's visit

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3. The practice of buying "firm" meant that a once-and-for-all payment was made, regardless of the eventual return realised on the final market. The trader stood all the risks but could make high profits. Purchases "on consignment" meant in effect that the trader was an agent of the seller, taking only expenses and a commission.

with a stock value of £60, mainly timed fish. Prices at all three stores were similar. In a brief visit to Ranon in 1976, I found that the two New Hebridean stores were no longer in business; a cooperative society had taken over. The planter's store was still operating.

South Malekula. On Koliviu island, three villages each had a company. At Belon, a company belonging to several villages was running a store. Credit was allowed for up to one year. In the South West Bay area, commercial rivalry was well-developed. Apart from the CFNH trade store, there were three native trading companies and one launch company. The smallest was Serowa's store, formed by the people of Lawa. Credit was permitted but had to be paid off when copra was sold. If it were not cleared, a penalty was charged. All profits were ploughed back into the business. The biggest company was the Lawa Native Company, one of the few to have applied for registration under the 1951 regulation. <sup>Because it had</sup> ~~It having~~ had some connection with Gubbay, the authorities had compelled the members to apply. This was in 1960 and, two years later, they were still awaiting the result. So the company remained more or less dormant. Their enthusiasm was undiminished and Lawa was to become the second formal British-supervised cooperative to be set up. The third native trading company in the area was the South West Bay Native Cooperative Society created by the Presbyterian Missionary to counteract the Lawa Company. This company owned a broken-down launch and operated a store at Wintua with a branch in another village. It had stopped buying copra and was probably insolvent. Its account books were "meaningless". Out of the wreckage, Lorlow Cooperative Society was formed, registered six months after Lawa Cooperative Society.

Paama. ~~The feature~~ of this densely populated island ~~was that~~ <sup>At</sup> any one time half of the young men were away, working on plantations, ships or in the towns. Most villages had stores, either individually or family owned. One village had a launch company.

Epi. All the copra in the Paia area was sold to the trader/planter Zeitler who owned the land on which the village stood. Equally importantly, he owned the only serviceable truck. Zeitler bought copra at some £5-£6 less than CFNH but

the villagers were precluded from selling to them because of Zeitler's control over land and transport. The trader also had the only store serving the village although the Chief of Paia had a store on his own land, some half hour distant. Zeitler had stopped him from opening a store in the village. Bonkovia village also had problems. The assistant chief had obtained a store licence and had tried to buy cargo from Burns Philp's trade ship but had been refused. The Cooperative Officer was told by Burns Philp that this was because they did not do business with a native store if there was a European client in the same place. At Bonkovia, the local planter ran a store and was not on good terms with the villagers, one reason being that he employed labourers from another island. There was, though, a company store in the village which had been operating since 1955 (seven years). This store obtained its goods from CFNH but its stock was very limited. No credit was allowed. At Burumba village, a local businessman owned the store which had operated for a few years. His cargo came from CFNH and credit was permitted.

The Cooperatives Officer's conclusion was that there was a need and a demand for cooperatives in the islands. Although New Hebridean businesses could be more enduring than is sometimes alleged (see, for instance, Abbil 1970: 53 or British Cooperatives Department's Annual Report 1964), cooperatives, properly supervised, could aid New Hebrideans in three main directions: (a) provide services which did not exist before, (b) provide effective competition to the trader or local businessman, and bargain with the big commercial houses, (c) give sound business management, according to recognised business practices. Among these are what Dore terms "institutionalised suspicion" i.e. audit, presentation of accounts etc (Dore 1971: 52-57). There was no ideological preference in favour of cooperatives. Private enterprise was, and still is, an option, but it was an easy step from native companies to cooperative organization. Cooperatives were proposed by the British authorities as a desirable form of enterprise but the wish to form them came from the people themselves. At no time was the Department hard put to find willing cooperators. In the early days, it was swamped with requests to supervise

cooperatives, requests it did not have the staff to meet. Thus the phenomenal growth of cooperatives in the first decade of New Hebrides Cooperation may be ~~explained by~~ <sup>attributed to</sup> the grassroots nature of the Movement and by the restricted opportunities for New Hebridean economic participation that existed hitherto.

#### Cooperatives and colonial politics

The colonial political background also influenced the Cooperative Movement. It was a principal reason for the very late start in developing cooperatives in the New Hebrides<sup>4</sup> and it explains why there are two national arms of the Movement.

The Malnatco episode had brought home to the two governments the need to control New Hebridean enterprise against abuse. However the resulting legislation was more harmful than anything else. With particular reference to the Lawa Native Company, the British Cooperatives Officer remarked that "as a restrictive measure, it could be effective but as an instrument for the promotion of native economic development it has turned out to be a very negative piece of legislation" (British Cooperatives Department papers 1964). The investigation of 1953 had urged that a specialist Cooperatives Officer be appointed, that better legislation be enacted, and that courses be organised to give New Hebrideans training in business and cooperation. The lukewarm attitudes of the administrations meant that no action was taken on the recommendations for several years. At length in 1959, the British Government nominated an Administrative Officer to be in charge of Cooperatives, along with various other duties. These other duties and a period of extended leave took up most of his time but, three years after his appointment he succeeded in hammering out joint legislation with the French, under the covert threat of the British administration going it alone. The French had evidently feared that cooperatives would extend British influence and they therefore took every opportunity for delay. There was also a strong lobby of commercial interests who saw their position at risk if cooperatives started up in a significant way.

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4. Cooperative Services were set-up in New Guinea and the Gilbert and Ellice Islands in 1947, and in the Cook Islands in 1955. The first cooperative legislation was passed in Fiji in 1947 and in Western Samoa in 1954.

The initial French suggestion was to propose a "repressive" joint regulation, including "compulsory registration on pain of imprisonment, for all forms of native economic enterprise" (Wallington, 1962). The French took the line, following Guiart, that all native enterprises should be called cooperatives, but then modified it to include only those which had a "caractère coopératif". The British Cooperative Officer's view was that this was "generally misleading people into believing that anything which smacked of a cooperative was indeed a true cooperative". The French, with their liberal interpretation of cooperative principles and with a cooperative tradition not stemming from Rochdale, were to register all forms of group enterprise under their cooperative banner, including families containing only a handful of members. On the other hand, the British for all their adherence to the ideology of open-membership, democracy and other cooperative principles, tended to close their eyes to discrepancies which arose within their "own" cooperatives. Nevertheless, a joint regulation acceptable to both sides was agreed in 1962 and the Movement was underway. The original intention was that there was to be a joint Condominium Cooperatives Department but, for the time being, cooperatives would have to develop along national lines. This being the Condominium, there was little chance that one side would agree to a Head of the Cooperatives Department being of the other nationality. The Movement 15 years on was still divided into separate national camps.

Formal cooperative development and commercial opposition.

In June 1963 the South Pacific Commission's Cooperative Specialist, together with a New Caledonian Cooperatives Officer, ran the first course for prospective Cooperative secretaries. That same year the French Cooperatives at Wala-Rano (Malekula) and Ipayato (Santo) and the British Cooperative at Lumbukuti (Tonga) were officially inaugurated. The following year a further eight societies, all British and including a savings and loans society, opened their doors. By then cooperatives had been incorporated into the French-British power game. The new Cooperatives Officer, Tom Layng, was warned by his predecessor to be prepared for French attempts to wreck or discredit British

supervised cooperatives (Wallington 1964). French attitudes in general were censured by Layng:

"Our cooperatives are being taught that their committees run them and make the decisions, the French societies receive orders from the District Agents, have their money looked after in the Delegation and come to expect free freighting and concessions if this seems likely to help the nationalistic cause - all of which are repugnant to our way of thinking. Above all, cooperatives are here because Mr Rennie (former Resident Commissioner) fought to get a scheme through and they have all along been a British baby". (British Cooperatives Department papers 1964).

A second potential source of friction was from traders. In the Advisory Council a trader on Aoba complained about cooperatives and the danger of their putting him out of business. "It is not good for anyone to boast they are out to defeat what they believe might be a monopoly company, for actually there is no such thing in the New Hebrides as all people are free to deal where and with whom they choose" (Condominium Advisory Council 6th Sitting 1964). Yet it was this same man who had an agreement with Burns Philp that when their trade ship called at east Aoba, the local people were not allowed on board to purchase goods from the ship's retail store. They were compelled to buy from him. This arrangement was eventually broken by the intervention of the Anglican mission. In June 1964 Layng noted that New Hebrideans were patronizing cooperative stores in preference to European-owned ones simply because the former belonged to Melanesians (British Cooperative Department Tournotes 1964).

Another aggrieved party was the New Hebridean small storekeeper. It is possibly this group which cooperatives hit the hardest of all. According to trader Bob Paul of Tanna, his own store was able to meet the competition of cooperatives by offer-ing a wider range of goods and selling wholesale to cooperatives. However, the small New Hebridean stores dealt in the same basic items as cooperatives. They did not have the resources to compete and so folded in large numbers. A few were able to turn themselves into cooperatives. Traders supplying these stores were also affected if the new cooperatives bought from a different source.

The plight of the small storekeeper was considered and the British Cooperative Department gave business management advice to private stores. Most interestingly,

the third cooperative established under British supervision - Three Hands, north Pentecost - was a retail traders' cooperative. The aim was to supply the Cooperative's storekeeper members with goods at wholesale prices and to sell their copra on consignment. Formerly, most small storekeepers had to buy stock at retail prices and, unless they dealt in large enough quantities, sell their copra "firm". The biggest Melanesian store owner in north Pentecost, Silas, was in this category. He bought his cargo at retail prices and sold copra firm to Fung Kwan Chee. Silas's pride apparently stopped him from joining the Three Hands Cooperative. He had opposed cooperatives from the beginning and had prophesied their early downfall. Although retail traders' cooperatives were possibly the only means by which the small independent store could have survived as an economic force, the idea never took hold. In most places, cooperatives replaced the private store as an integral part of the village scene. Three Hands has now become a conventional cooperative society.

In 1965 seven more societies, all British-supervised, were formed. All societies made a surplus. Most cooperatives started off with a store, then started buying copra. Frequently a bakery was added and perhaps a truck or launch purchased. Of the 18 societies in operation, all save three were of this multi-purpose type. The Cooperative Department would have preferred to create separate cooperatives for the different activities but they claimed that in any given area there was only enough managerial ability available to staff one society (British Cooperatives Department Annual Re-port 1965). As I found from my survey at Ure Cooperative in 1976, copra sales and consumer goods purchases are so integrated that it is difficult for the members to conceive of a separation of functions. The consumer side of the societies' operations was particularly successful. The Cooperative Officer's explanation for this was that in a territory where the cost of living was high and storekeepers used high mark-ups on costs, cooperatives were easily able to give substantial benefits to their members (ibid). On the marketing side, sales on consignment realised in 1965 an average return of £62.7.0 compared with the Vila/Santo firm price of £49.3.4. (ibid). As most producers were formerly denied the opportunity to

sell on consignment, the gain was considerable. At the end of 1965 the Cooperative Societies Officer was able to comment that "enthusiasm for cooperatives is still on the increase and development in the immediate future is likely to be rapid" (ibid). The only blots on the record were the liquidation of the mission-sponsored Iarkei Cooperative Society on Tanna (even then it was still solvent at liquidation), and the dismissal of one secretary for dishonesty.

The following years marked a rapid expansion. In 1966 alone there were formed 22 new societies to make a total of 40. (36 British). Another 16 were created in 1967, all British-supervised; and a similar number in 1968, three quarters of which were British. In 1968 total cooperative turnover exceeded A\$1 million for the first time. By then, it was reckoned that over 40% of all New Hebridean households were members of cooperatives, justifying the remark that "New Hebrideans are showing themselves to be among the most enthusiastic cooperators in the world" (British Cooperatives Department Annual Report 1967).

The commercial opposition did not accept this passively. Tongoa, the site of the first British Cooperative, was one hard fought battleground. As early as 1964 the Cooperatives Officer had reported that CFNH and the only other trader on the island, Hari - a New Hebridean, had been forced to raise their buying price. Also, in an attempt to undermine the cooperative, Hari had refused to hire out his truck to members for copra collection. To combat this the members' families, women included, carried copra on their backs down to the coast (British Cooperatives Department Tour Notes 1964). The members' reward was a consignment return of £50 per ton instead of the traders' firm price of £29 per ton. In 1965 the Tongoan Marketing Cooperative was able to buy a landrover to overcome the transport problem. CFNH's final strategy was to increase, in early 1966, its own price above the expected consignment return by some £3 per ton. Neither Hari nor the Cooperative could compete. Hari was squeezed out and the cooperative stopped buying, advising its members to take advantage of the artificially high CFNH price. Even though the Cooperative ceased trading, its activities had caused the opposition to increase prices

from a former level of £13 below Vila/Santo prices to £3 above, a rise of over 50% on current prices. After two months, CFNH dropped its price and the cooperative started buying again.

This was not the only instance of a price war; two years later the Chinese trader, Fung Kwan Chee, began a similar campaign but on a wider scale. In villages where cooperatives were situated, Fung Kwan Chee offered to buy at prices above the expected return. Once more, cooperative members were advised to sell to the trader rather than through their society. As before, the trader could not keep it up, prices reverted to normal levels and the cooperatives restarted buying. The message had got through. Cooperatives justified their existence if they forced prices up; they would not collapse under this form of commercial pressure, and they were here to stay.

Cooperatives not only offered an alternative to European and Chinese traders. New Hebridean businessmen were not unknown to take advantage of lack of competition. The Chief Cooperatives Officer's remarks on the opening of the Dillons Bay Cooperative in 1968 are pertinent.

"The opening was a considerable success since, even by marking up the store goods considerably higher than is normal cooperative practice the society was still undercutting its only competitor, William M., by a very substantial margin. William's store has only a poor stock and what it has got is sold at extortionate prices". (British Cooperatives Department Tour Notes 1968).

By the end of the initial phases of cooperative development, of the two big commercial houses, Burns Philp, Vila, had agreed to supply cooperatives at wholesale prices and market copra on consignment. The Santo branch of Burns Philp was less ready to sell wholesale to cooperatives because of its close links with traders in the north of the Group. It was not until 1966 that it had come into line with Vila. In 1967 CFNH, after long refusing to deal with cooperatives, regarding them as a British plot against the French, had finally agreed to tender wholesale to societies. By this time however, the initiative had been lost to Burns Philp. The latter undoubtedly benefited from the increased trade that cooperatives generated in the islands. In 1967 it purchased a second trading vessel "largely in order to keep pace with cooperative

development" (British Cooperatives Department Annual Report 1967). There was an attempt to avoid the stranglehold that the big firms had on copra exports. This was the so-called "good copra scheme" whereby, by using an improved method of drying, better quality copra was produced which could be sold on the Japanese market at a higher price. The Australian firm of Kerr Brothers was approached to arrange the sale. A premium of \$20 a ton was offered but, in the event, was not enough to induce a widespread production of good copra. Shipping and storage problems added to the difficulties. The scheme began in 1967, reached a peak of 514 tonnes exported in 1969 (12½% of total British cooperatives' output), declined thereafter until, in 1974, none at all was produced. Despite this setback, marketing achievements within the New Hebrides had been considerable.

"After four years of existence, competition from cooperatives had forced up the price paid by traders from \$10 below the ruling "beach price" to as much as \$8 above" (ibid).

#### Further development and rural depression

Tom Layng, almost a mythical figure in New Hebrides cooperative lore, left the Group in 1969 and another Administrative Officer, F E Baker, took over the task. Baker continued where Layng left off and, by the end of 1969, 34 new British-supervised societies had opened, bringing the total to 94. Four of the new societies were peri-urban consumer cooperatives around Vila. Membership was now over 5000 households, over 300% up on the previous year.

The first visit of the UK Government's Cooperative Adviser took place in 1969. His report was a remarkable eulogy to the New Hebrides cooperative movement:

"In terms of policy, management, understanding on the part of members as well as their rate of growth, these were the best cooperatives I have ever seen in a developing country. Perhaps the most impressive thing about them is that they are exactly suited to their environment. They have exactly the right mixture of sound business with social purpose... I have visited very many cooperatives in all parts of the world but I have never seen anything like this before" (Youngjohns 1969).

The Adviser, while giving particular praise to the consumer side of cooperative business, sounded a note of caution over intentions to create a Cooperative

Wholesale Union, a notoriously difficult enterprise.<sup>5</sup>

In 1970 consumer sales exceeded \$1 million and 13 more British societies were formed. One Cooperative on Ahamb Island, South Malekula, completed the purchase of a plantation. As for the French, their numbers were up to 21 cooperatives and six "para" cooperatives. Among these was one of particular interest, Amok Society for the isolated Big Nambas of north central Malekula. These people were strong traditionalists, adept at resisting white influence (Gourgechon 1974, Guiart 1952a). The year also marked the unveiling of the British Administration's 1970-1975 Development Plan for Cooperatives. The main aims were:

"to consolidate, strengthen and diversify the activities of the existing societies through the further training and education of their staff, office bearers and members while at the same time encouraging and supervising the formation of new primary societies as required and the emergence of secondary associations with a view to the eventual creation of an apex organisation".

The accent was on consolidation. Expansion was envisaged not by multiplying the number of societies but by extending their role, especially in production (e.g. centralized copra drying, encouraging cocoa cultivation and cattle raising). Community development also received a mention: "It is thought that many societies could now afford to consider such things as simple village water supplies and perhaps electricity generating schemes". However, development did not follow the course envisaged.

A predictable slow-down in expansion occurred in 1971. Nine new British-supervised multipurpose societies and one savings and loans society were formed. French cooperative development was more or less at a standstill and no new societies were formed by them. The Amok experiment was abandoned and their total membership actually dropped slightly. On the other hand, the sale of artifacts from French Cooperatives rose "spectacularly" to over \$4000. Potatoes

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5. The creation of wholesale organisations elsewhere has had disastrous effects. The Ghana experience in the 1950s closely paralleled the New Hebrides'. There the Cooperative Wholesale Establishment eventually collapsed, resulting in the liquidation of most of the retail societies (Gorst 1959: 119-120). More recently, the Gilbert and Ellice Islands' Federation ran into financial difficulties. In 1976 it required a \$1 million government loan to avoid bankruptcy. Member societies owed it \$996,000 (Pacific Islands Monthly July 1976).

were airlifted from Tanna to Vila for the first time. In 1972 there was a disastrous fall in copra prices, reaching a low of \$68 F.O.B.<sup>6</sup> Vila in August, recovering a little to the year's highest prices of \$83 in December. (The 1971 high was \$162 and its low \$91). On top of this the Group experienced three severe hurricanes between December 1971 and April 1972. Despite the adverse conditions, six new British societies came into existence, including the first two urban consumer societies. An existing society was liquidated and four were amalgamated in an area badly hit by hurricanes. The French did better, opening ten new societies and increasing total membership by nearly 400. Their trade goods sales were up by over \$40,000, taking them above \$320,000 for the year, but produce receipts slumped to under \$50,000. The comparable British figures were a drop in retail sales from \$1,223,000 to \$1,092,000 and average net copra revenue down from \$525,000 to a calamitous \$93,000. In addition the British societies general reserve fund which had been invested on the London market suffered through Sterling depreciation, showing a book loss of \$17,000 or 15%. The total share capital of all British societies fell and the net distributable surplus crashed from \$207,000 to \$126,000 due to "committees lowering mark-up, a general incidence of unpaid credit and losses made by the inactivity of vehicles and vessels owned by the societies" (British Cooperatives Department Annual Report 1972).

The Cooperatives Adviser paid a return visit to the Group in 1972. His mission was to examine anew the possibility of merging the British and French Cooperative Departments. He held to his previous comments about the quality of the Movement and added that the societies' ability to have survived the depression was proof of the soundness of New Hebridean Cooperatives. On his main purpose concerning amalgamation, he reported that the French Chief Cooperatives Officer was

"generally dissatisfied with the attitude of the French Administration

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6. "Free on board" i.e. Marseille price less costs of shipment, including freight and insurance, from Vila.

to his Department. There is no doubt that the British here outstrip the French in performance in this field, and that the fault lies not with the officers of the French Cooperative Department but with the French Administration in general. Support for the Department has never been wholehearted, and the French District Agents meddle and sometimes obstruct the Department Staff" (Youngjohns 1972).

In such a climate it was not surprising that the two movements continued to function separately.

### The Federation

F E Baker finished his tour of duty in November 1972 and his replacement, Wilf Walton, arrived in April of the following year. Walton was of working class background compared with the Oxbridge of his predecessors. He was also the first specialist Cooperatives Officer to be employed. His arrival marked a switch in policy towards a more aggressive approach to competition with the major trading houses. His objective was to supplant Burns Philp and CFNH by cooperative enterprise. Moreover, the cooperative movement was presented not only as a means by which New Hebrideans could achieve greater economic participation but as an explicit non-capitalist way of doing so. The movement was to be politicized, not in the narrow confines of the French-British contest for colonial ascendancy, but as a movement for socialism. As a first step, Walton pressed ahead with the proposed wholesale union, and in September 1973 the New Hebrides Cooperative Federation Ltd was registered. By the end of the year its wholesale sales were \$257,000. Although invited to join the Federation, the French Cooperative Department turned down the invitation on behalf of its societies. They then set up their own organisation: Le Syndicat des Coopératives autochtones sous contrôle français (SCAF). Once again an opportunity to unify the movement had been lost.

The performance of primary cooperatives in 1973 was a decided improvement over 1972. Consumer sales of British-supervised societies were up some 40%, the French improved their sales by 12%. The British-supervised cooperatives' copra receipts were up almost ninefold due to the higher copra prices. The tonnage exported more than doubled (but was still below 1971 levels). The French formed two more societies to bring their total membership over the 2000 mark, while the British added nine more. Against this, operations were

suspended in three societies, including one peri-urban cooperative. However the two urban cooperatives accounted for almost 20% of total consumer sales, their turnovers boosted by a policy of credit which was later to work to their detriment. Of the less conventional societies, two concrete block-making production cooperatives were set up on Tanna, the first non-agricultural cooperatives in the Group, and by 1977 still the only ones. A fishing project at Leleppa Island Cooperative, conceived by the South Pacific Commission, failed through disinterest. The nets were left to rot away. At Ahamb the plantation showed signs of neglect as the people devoted most of their attention to their own individual land holdings.

The full recovery from the 1972 depression had to wait until 1974. In March of that year copra prices reached a post war peak of \$585 per tonne Vila FOB. Produce receipts were greater than consumer sales for the first time since the Cooperative Movement began. 38 new British-supervised societies and 20 new French supervised societies came into being, including their first urban consumer cooperative-Nabanga Cooperative Society in Santo - and the first agricultural production cooperative-Groupement Agricole et Maraicher on Tanna. Membership in the villages had reached saturation level.

The operations of the Federation and SCAF were fully underway in 1974. SCAF benefitted from the use of a new French government vessel, the 70 ton Artois, which was placed at their disposal without charge. This was a major factor in the more than doubling of island vegetable sales in the Vila urban area. The Federation's operations were hindered for the most part by the lack of a similar vessel, but in August they entered into a partnership with a syndicate which had chartered the CFNH vessel "Henry Bonneaud" (300 ton capacity). By the end of the year the Federation's trade goods turnover was just under \$2 million or over 60% of total cooperative retail sales at wholesale prices (British Cooperatives Department Annual Report 1974). The boom conditions of the economy were also thought favourable to the creation of a Cooperative Federation Savings Bank. A Manager, seconded from Barclays Bank

International, arrived in October. The Federation in addition "invested" \$50,000 in the Vila abattoir, \$20,000 in a timber products firm and \$5,000 in a nail and barbed wire manufacturer.

While 1974 was a good year for the primary societies, the Federation ran into severe difficulties. The financial basis upon which it was operated, a lack of management expertise and supervision and the personalities involved, all contributed to a very nearly fatal situation. The Federation was grossly undercapitalised for a prospective multi-million dollar organisation. Only \$15,700<sup>7</sup> share capital was contributed, working capital was raised from copra second payments and later from a Bank overdraft (SCAF was also financed similarly, its initial share capital being about \$4500 but copra receipts and French government finance were relied on for operating capital). As copra prices rose to record levels, the Federation expanded its merchandise importing business on the basis of anticipated copra revenue. Societies were encouraged to buy on credit and in many instances were sent goods that they did not order, including goods that they could not sell. According to one senior New Hebridean Cooperatives Officer the people thought that the cargo had come at last.

After mid 1974 copra prices fell constantly and rapidly, reaching \$253 FOB Vila by December, just 43% of the year's highest price. As it takes some months for copra to arrive at the final market and for the sale to be completed, the Federation was left with goods ordered on the expectation of copra revenues which would no longer be forthcoming. In order to meet its obligations it had to approach its bankers, Barclays International, for an overdraft. The Bank, newly established in the Group, was eager to get a foot in the door of its new territory and readily advanced the money (\$400,000). The Federation was thus able to continue and proceeded to place orders and

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7. The original share capital was in fact \$1000 but reached \$15,700 at the end of 1973 after member societies had paid their \$100 share. The share contribution for SCAF member societies was \$30 and a further \$30 for every 100 members or fraction thereof. The French Government also contributed \$2000 in cash and thereafter paid all overheads, including staff salaries.

dispense goods as if nothing had changed. As a result, the overdraft grew until Barclays manager took fright. The crisis came in March 1975 when the overdraft required by the Federation reached \$950,000. Barclays applied pressure both locally and in the UK, and the Foreign and Commonwealth Office put an enquiry in hand.

The subsequent report (Berryman and Midwood 1975) found fault on six grounds: (a) that there was no plan for the Federation's development, (b) that its structure was not clearly defined, leading to responsibilities being assumed by the "wrong people", (c) that there was ill-defined organisation and a neglect of produce marketing, (d) that staff were placed in positions of responsibility for which they had not been trained, (e) that there was a lack of training generally, and (f) inadequate accounting. The absence of management had created "considerable difficulties". The Federation was launched without a general manager or accountant. The accountant arrived in November 1974, but he had no experience of wholesaling or marketing businesses, cooperatives or the Pacific islands. The accounts were non-existent and no trial balance was done for two years. When the Federation's books were eventually audited, the auditors prefaced both the 1974 and 1975 accounts with an opinion that no proper accounts had been kept. The wholesale manager was an expatriate recruited locally from Burns Philp. His ordering was based on the tastes and purchasing power of the largely European clientele of his former employers. As a result there was over-ordering and the stocking of goods for which there was no demand. The Santo warehouse was run by an ex-school teacher from New Zealand, again recruited locally. He mismanaged the operations there and resigned after one year. One Santo New Hebridean employee was imprisoned for misappropriating Federation funds and two members of the Santo-based "Henry Bonneaud" syndicate hurriedly left the New Hebrides, leaving behind allegations of fraud. The manager of the Vate Timber Mill in which the Federation had invested heavily was convicted on two counts of fraud and fined \$500. This man, a former barman, was appointed by the then Acting

Chief Cooperatives Officer who frequented the nightclub at which he worked. In 1975 the General Manager was at last appointed, but he soon clashed with the Chief Cooperatives Officer over ideological differences (business versus socialism) and resigned less than a year later.

The Federation's financial history makes dismal reading. A small profit was reported at the end of 1973, but this was turned into an accumulated net loss of \$277,000 by the end of the following year. Thereafter in the next six months the accumulated loss doubled while the bank overdraft stood not far short of \$1 million. One year later, the loss reached \$838,500, but by then British Government money was coming in. A UK government loan of nearly \$400,000 helped reduce the overdraft. Even so, in the twelve months to June 1976, bank interest charges amounted to \$120,000 - about one third of total expenses. The true story may never be revealed due to the totally inadequate accounting from 1973 to 1975 (Appendix 12). The poor performance of the Federation was compounded by a loss of \$66,000 by mid 1975 in the "extravagantly organised" Savings Bank Division and a total loss of the investments in the timber firm and the wire manufacturers. Both were liquidated and \$95,000 in shareholdings and outstanding debts lost. The operation of the "Henry Bonneaud" turned in a \$57,000 loss in 1975. As a comparison, Burns Philp's group trading profit for 1973 was some \$252,000 and more than double this in 1974 and 1975. But Burns Philp's operations were not immune to losses. Their Santo branch lost \$111,000 in 1973, recovering in 1974 to register a net profit of \$273,000. SCAF just about broke even in 1974 and made a small loss of \$2000 in 1975. However, these mask the various hidden subsidies such as shipping, staff salaries and accommodation costs. The British Finance Department reckoned that if these had been included, the real position in 1975 would have been a loss of some \$200,000.

The primary societies also did not experience a good year in 1975 as copra prices fell from the 1974 peak. Yet expansion in numbers went on regardless; 15 new British-supervised societies and 16 new French ones were formed. Total

membership in both movements was almost 15,000 households. Individual societies were as yet unaffected by the Federation debacle, although some among them had contributed to the Federation's ill-health. Foremost was the Vila Urban Consumer Society, housed in the same building as the Federation's Head Office. In July 1975 they owed the Federation \$36,000 in unpaid debts. The peri-urban society of Marotuaki was the next highest debtor with \$25,000 outstanding.

#### Federation in Crisis 1976.

In 1976 a recovery in copra prices helped the Federation and moves were made to further reduce the competition from the private commercial sector. A "wet bottom" charter of Burns Philp's trade ship, M. V. "Konanda", was arranged by the Federation, so eliminating their principal competitor in the central islands of the Group. Yet the hoped for turn-around in the Federation's fortunes did not materialise and the Federation's still-increasing losses began to worry the British Administration anew. In July there were just enough funds available to pay wages. Debts outstanding exceeded \$1 million and of the \$350,000 worth of stock in the warehouse half had been in store for over a year and was considered largely unsaleable. The overseas suppliers were demanding settlement of outstanding bills before any further orders would be met. For a month the Federation had to stop importing. Further instalments of a UK loan enabled small orders to be placed in August and September, but between July and September the total orders placed amounted to only \$127,000. This was at a time when for the business to function on a reasonable basis \$150,000 of cargo had to be turned over each month. From June to September no orders at all were delivered so that by September only \$40,000 of saleable stock was left. The following month all that came in was rice, sugar and salt. The primary societies were being starved of trade goods and complaints mounted throughout the Group as local communities began to feel for the first time the full impact of the Federation's plight. After the close of the 1975/6 financial year, the accumulated losses were revealed

to be over \$800,000. The British Administration again had to do something and, in response to their appeals, the Foreign Office sent out the Cooperatives Adviser to see what could be done.

The alternatives facing him were (1) to liquidate the Federation, (2) to merge it with SCAF or let it be taken over by the British Government, (3) to sell the Federation as a "going concern", (4) to split it into regional organisations, (5) to carry on as before but with organisational and financial improvements. The merger with SCAF was out because of political factors and for the government to assume control would remove any pretence of the Federation being a Melanesian enterprise. The commercial houses were unlikely to want to buy an insolvent business. Liquidation was decided against on a number of grounds. Firstly it would mean a defeat for the British Administration in their contest with the French. Secondly, it would cause half the primary societies to be wound up and their stocks seized. Thirdly, it would be difficult to carry out, take at least two years to complete and would cost an estimated \$1 million to achieve. In addition, the Federation, as an apex body and the instrument of Melanesian participation in the national economy, performed an invaluable service. To let it die would break faith with the people. It provided necessary competition to the big trading houses, it guaranteed a shipping service and supplied staple goods which, because of price control, other suppliers were not interested in. Lastly, a point which was not put forward to the Cooperatives Adviser but was nonetheless evident, all those employed by the Federation or concerned with its development had vested interests in its continued existence. They would lose their jobs or their reputations would suffer. In sum, the Federation had built up its own political and social, as well as commercial, logic. Thus option (5) with some elements of decentralization within the Cooperatives Department itself was decided upon. To back this up, it was recommended that the British Government make an outright gift of \$750,000 to cover the 1974/5 losses, together with another gift or interest free loan to cover the historic costs of fixed assets (some \$200,000). This aid was designed to

eliminate the burden of the bank overdraft. A further contribution was a soft loan of \$350,000, repayable over 5 years, for working capital. Complementary to this, local capital up to a similar sum was to be raised from primary societies' second payments. The Federation Committee voted in November to implement a scheme to achieve this. Apart from financial aid, four more expatriate technical staff were to be recruited, in addition to the replacement Accountant and merchandise manager already in post. The UK Government would meet the full costs of their salaries and expenses. A last proposal was that a cooperatives training team be sent to the New Hebrides in order to improve the local staffs' management skills.

Despite the need for this massive rescue operation, the Cooperatives Adviser concluded that the cooperative movement in the New Hebrides was basically sound and it was still one of the best in the developing world. The attitude of the cooperative membership in the villages to the Federation was summed up at the 1976 Cooperative Conference. The business was not their idea, the losses were not their fault and therefore the Federation's financial problems were not their concern. Their wish was for the movement to return to the same footing as in pre-Federation days. It is true that the local membership was largely unconsulted as to the Federation's development. Yet it is also true that local societies were not slow to take advantage of the Federation's activities and were content to turn a blind eye while they continued to benefit. At no time were the Federation's losses passed on to local societies whereas many societies used credit facilities to the full.

As a postscript, the Federation recorded its first ever monthly net profit in December 1976 - \$6750 or 3.2% of turnover. But by the next month it was back in the red. Of the losses in 1975/1976 the principal areas were: bad investments in associated companies \$168,000; trading losses \$96,000; bad debts from primary societies \$145,000; overdraft interest \$168,000 and Savings Bank establishment costs \$122,000. The architect of the Federation, Wilf Walton, left the New Hebrides in April 1977. His successor's stated

aim was that the accent henceforth would be on business, not politics. Walton's failure with the Federation was essentially because the political end, to quickly replace the European commercial houses' island trade by non-capitalist Melanesian enterprise, could not be achieved with the human and financial resources available.

The primary societies in 1976: urban problems, rural benefits.

The urban and peri-urban primary societies after promising starts, turned out to be signally unsuccessful. The Vila Urban Consumer Society declined rapidly. Its branch store was losing \$400 a month in 1976 and the society produced a net loss of \$18,000 for the year ending May 1976. Its own members owed the Society about \$54,000 and the society was in debt to the Federation by \$42,000. When the loss was made known, the Federation promptly requested the society's liquidation. This was refused by the Chief Cooperatives Officer. In September there was a demonstration at the store and a number of members seized stock in lieu of their shareholdings which could not be refunded. A boycott by some members was then carried out. The unequal struggle was given up and the store officially closed its doors on New Year's Eve 1976. In Santo, the Layng Consumer Cooperative went the same way. It had tried late in 1975 to buy a plot of land on which to resite its main store but the French Residency blocked the necessary land purchase. It also stopped credit in November 1975. The result was that the store could not compete on a cash basis with the Chinese traders and the customers deserted the society. The committee was unwilling to admit defeat and close the society and it struggled on through most of 1976 with few customers and not much stock. Its main purpose seems to have been to serve as the Santo headquarters of the Vanuaaku Political Party. The society finally ceased trading in December 1976. A more favourable development in consumer cooperation was the emergence of the Lakatora Consumers Society in north Malekula. It was formerly a society with a history of credit problems, but since credit was stopped in January 1976 its turnover had increased until it had overtaken Vila Urban Consumers Society

as the society with the largest turnover in the Group.

Overall, the rural cooperative movement has remained strong. By September 1976 these were 187 British-supervised cooperatives and 80 French. Perhaps the essentially rural nature of the movement is most evident in the remoter islands. In these islands transport difficulties present a "vicious circle", no shipping therefore no copra produced. No copra, therefore no shipping is attracted to collect it. The Torres Islands in 1964 were served by one trade ship three times a year. The copra price that the islanders received was A£20 (~~£~~40) below the Santo/Vila price. Two societies were formed in 1969 and 1971. Shipping frequencies increased so that by 1974 the Federation ship operated a regular voyage every two to three months. The advance price paid was the ruling Santo/Vila price and Torres Islands copra was being sold on consignment. The people responded and in the first half of 1977 copra production had reached record levels. Largely an uneconomic proposition for private traders, the cooperative movement had enabled these remote islands to be integrated into the national economy.

Table 2

Cooperative copra output and store turnover.

Year	Number of Societies Marketing Copra	Copra Output Tonnes	Number of retail Societies	Store Turnover Australian \$	Value of all Produce marketed Australian \$
1964	8	397	9	47930	40494
1965	14	1090	16	150839	115756
1966	29	2082	36	272022	146166
1967	40	3270	50	447712	282369
1968	51	3759	63	605567	428258
1969*	55	4069	88	784500	429076
1970	80	4079	101	1035196	538345
1971	91	5906	110	1223279	569643
1972	74	2237	112	1092394	107480
1973	88	5186	119	1559374	895970
1974	134	10659	153	3206202	3649337

\* 1964-1968 figures are for both British and French-supervised societies.  
1969-1974 figures are for British-supervised societies only. Source: British Cooperatives Department Annual Reports.

Post War economic development outside the Cooperative Movement

The plantation economy continued largely undisturbed post war. Copra output exceeded 20,000 tonnes for the first time in 1947 and in the next 30 years was only to fall below this level once (in 1972). In 1977 a record 44,000 tones were exported and copra was still the major export commodity (tables 3 and 4). On the European-owned plantations very little replanting was done, principally because of the low and fluctuating copra prices, the high cost of labour and the difficulty in obtaining it (Injac 1975).

Table 3

New Hebrides copra exports and copra price F.O.B. Vila.

year	Annual Average price F.O.B. Vila. New Hebrides Francs	Exports Tonnes	Year	Annual Average price F.O.B. Vila. N.H. Francs	Exports Tonnes
1950	14700	21569	1964	13800	37667
1951	19300	27746	1965	16500	28725
1952	13000	21136	1966	12900	34478
1953	15300	22652	1967	13400	42407
1954	13800	23543	1968	16200	34304
1955	11700	24092	1969	14300	37015
1956	11100	27749	1970	15500	31197
1957	10400	33840	1971	12600	34035
1958	11400	33548	1972	7500	18282
1959	14900	35067	1973	16000	22159
1960	12200	23844	1974	42500	35667
1961	9300	32362	1975	12500	27046
1962	9400	31449	1976	15100	34228
1963	11000	35617	1977	24600	44304

N. B. 100 FNH = approximately A\$1.00, but the rate fluctuates.

Source: Condominium Bureau of Statistics.

Table 4 Copra and other principal exports as a percentage of total exports by value.

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
1. Copra	64	58	48	54	53	53	42	33	11	24	64	43	40	44
2. Frozen fish	9	12	26	19	23	31	40	51	74	59	27	33	40	42
3. Manganese	24	26	20	20	14	-	3	4	3	2	3	9	6	2
4. Canned and chilled beef and veal	1	2	2	2	2	2	2	3	4	5	2	8	4	3
5. Cocoa	2	1	3	3	5	4	4	1	1	3	2	5	5	7
6. Logs and sawn timber	-	-	-	-	-	5	6	3	3	5	-	-	-	1
7. Other*	-	1	1	2	3	5	3	5	4	2	2	2	5	1
	100	100	100	100	100	100	100	100	100	100	100	100	100	100

\* Includes coffee, shell, scrap metal, barges and tugs.

Source : New Hebrides Condominium Statistical Bulletins on Overseas Trade.

A major innovation has been increasing cattle production. It was estimated that in 1962 there were 42,000 head. In 1971 the number had nearly doubled and in 1974/5 the estimate was 112,000, 95,000 of which belonged to European planters, (Joint Office of Development Planning 1977). Fresh and chilled beef and veal, as well as canned meat, have mostly been marketed in New Caledonia. The lack of an international standard abattoir has limited wider overseas sales. Exports of beef products in 1977 were only about 3% of total exports by value.

A development more concerned with the domestic market has been market gardening on the outer islands for sale in the Vila urban area. From the late 1960s onwards the expansion has been marked. In 1971 over \$10,000 worth of vegetables were shipped in, increasing by 1974/5 to around \$25,000.

Two developments of a ~~highly~~ <sup>industries</sup> enclave nature also occurred. In 1959 manganese mining operations began on Efate and have continued at varying levels of output since then. Much of the labour force has been from Wallis Island in French Polynesia. In 1976 manganese exports were 6% of total exports by value. The other innovation was the establishment in 1957 of a fishing station at Palekula, Santo, by a partnership of the Gubbay family (of Malnatco fame) and a Japanese consortium. The ships were crewed by Koreans or Taiwanese. Between 1958 and 1965 output was around 3500 tonnes per annum (12% of total exports by value in 1965). Thereafter the catch increased sharply. In 1971 fish, all from Palekula, became the principal export of the territory, replacing copra for the first time since the 19th century. In its peak year of 1972 fish comprised 74% of total exports by value. In the succeeding years the value of the catch declined, and in 1977 it was about 42% of total exports (see Table 4). Palekula has been the

only successful commercial fishing enterprise so far. Melanesians have shown little enthusiasm for fishing projects, although in 1974 five Tannese cooperative societies combined to set up the Tanna Fishing Company to catch fish for local consumption and sale.

Timber production has had an intermittent history in the New Hebrides. Sandalwood is no longer of any importance, except in one or two areas. Timber for construction purposes has taken over, mostly for domestic consumption. The one major timber exporting project so far was on Erromango. In 1969 a French company opened a sawmill there to sell logs mainly to the French and Japanese markets. Later on, the domestic market was supplied with sawn timber. Operations lasted with some success to 1974, by which time the available stands had been worked out. The sawmill has now been transferred to a smaller operation on Efate. Current interest is being shown by Japanese interests in timber extraction prospects on Santo island.

One agricultural scheme of particular interest is an example of what might loosely be termed joint enterprise. On Tanna a French-German farming company has leased land from the John Frum cult people. The company provides the expertise, capital equipment and finance. The local people provide the land and (some) labour; operations are capital-intensive. In return for leasing the land the people receive a rent or a 14% cut of the profits, whichever is the greater. Certain fringe benefits such as a trade store and water supply were offered as further inducements. The scheme began in 1975. Various vegetable and fruit crops were grown and cattle, pigs and chickens raised. There were plans to extend the company's operations to Malekula and Aneityum if the local people could be persuaded to lease land. A similar scheme has been mooted by a French Canadian mining prospecting firm on Santo island. Agreement has been reached with Nagriamel people in the Big Bay area to lease 2000 hectares for 45 years for a wet-rice growing venture. About \$1 million worth of rice was imported in 1975, about 4% of total imports. The land owners would receive 15% of the eventual net profits and it was planned to offer 40% of the shareholding to New Hebridean interests.

Employment opportunities for between 200 to 300 people would be created.

A less ambitious project for a 100 hectare rice scheme is also under consideration for Aneityum.

Two developments in the services sector have been particularly important: the tax-haven financial centre and tourism. In 1969 only one bank, the French-owned Banque de l'Indochine, operated in the territory. The first British bank was set up in 1970 but, by the end of 1972, six more had opened up, as well as five international trust companies. In 1976 there were nine private commercial banks in Vila. As an indication of the volume of funds passing through the New Hebrides, the Bank of England recorded that UK banks external claims, i.e. reserves in the New Hebrides, were £24 million as at the end of 1974 (Bank of England 1975). The only direct revenues the New Hebrides derives from the financial sector are bank licences and company registration dues, there being no direct taxation in the territory. However the financial boom did spark off a rapid expansion in the construction industry which helped to offset the copra depression in 1972. In 1973 about 30 building companies in Vila were employing nearly 1000 persons (Bonnemaison 1976:10). Tourism also helped in the depression. In 1968 the number of overseas visitors was 6000. In 1972 it rose to 19,000 (British Information Service 1973). The first international class hotel opened in Vila in 1969 and a second in 1975. Club Méditerranée is now considering opening up in the Group. The long term potential of the financial sector and tourism has been recognised by the Joint Office of Development Planning. It sees in the encouragement of tourism and the strengthening of the financial sector the means to attain the fastest possible economic growth.<sup>8</sup> On the other hand, this strategy would mean that development would be concentrated around Vila and the rural population would only benefit indirectly. Furthermore, the

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8. In 1975 gross tourism revenues were 397 million francs New Hebrides; financial sector revenues were 312 million FNH; copra revenues were 338 million FNH. In 1976 tourism revenues were 487 million FNH, financial revenues 347 million FNH, copra revenues 521 million FNH (Joint Office of Development Planning 1977).

urban drift is likely to be enhanced, ~~with its attendant dangers of social dualism~~, and the control of these industries is likely to lay in expatriate hands for the foreseeable future.

The limited domestic market has inhibited industrial development. Apart from the three meat canning factories, there are two soft drink plants, a number of manufacturers of concrete products for the construction industry and two or three suppliers of prefabricated building components. A German firm has expressed an intention to build a brewery in Vila. Industry, like most of the economy outside agriculture, is dominated by expatriates.

The various developments since the war have not changed the basic structure of the economy. Over 80% of the adult population continue to be mainly engaged in agriculture. By 1974 copra had regained its place as the New Hebrides principal export and in 1976 was accounting for 40% of total exports by value (table 4). A private coconut oil mill was scheduled to open in 1977, although there was no immediate sign of a public~~ly~~-run mill or a Copra Marketing Board being instituted. New Hebridean producers are currently providing 60% to 70% of output (68% in 1977). European plantation production has been steadily declining, thus reversing the position of 20 years ago. Most of the village output is marketed through cooperatives. In 1976 the Federation's ships alone collected 47% of all village production and in December 1977 it became the largest copra exporter in the New Hebrides (British Information Service 1978). The Cooperative Movement, because of its dominance in agricultural produce marketing, has within a dozen years become one of the territory's premier income-earning institutions, accounting for between a quarter and one third of total export earnings and with the potential to increase this still further.

### CHAPTER THREE

#### THE STRUCTURE AND OPERATION OF NEW HEBRIDEAN COOPERATIVES

Cooperatives in the New Hebrides are predominantly dual-purpose marketing and retail societies, serviced by national apex organisations which wholesale trade goods and arrange the export of produce. The basic structure is illustrated in Figure 2.

In addition to providing trade goods and purchasing produce, many of the British-supervised cooperatives also operate agencies of the Federation Savings Bank. Apart from the retail marketing societies, there are two French-supervised quasi-production cooperatives and two British-supervised concrete block making societies. Two retail/marketing societies operate communally-owned copra plantations and a few societies rear cattle on a communal basis. There are also five savings and loans societies organised on credit union lines.

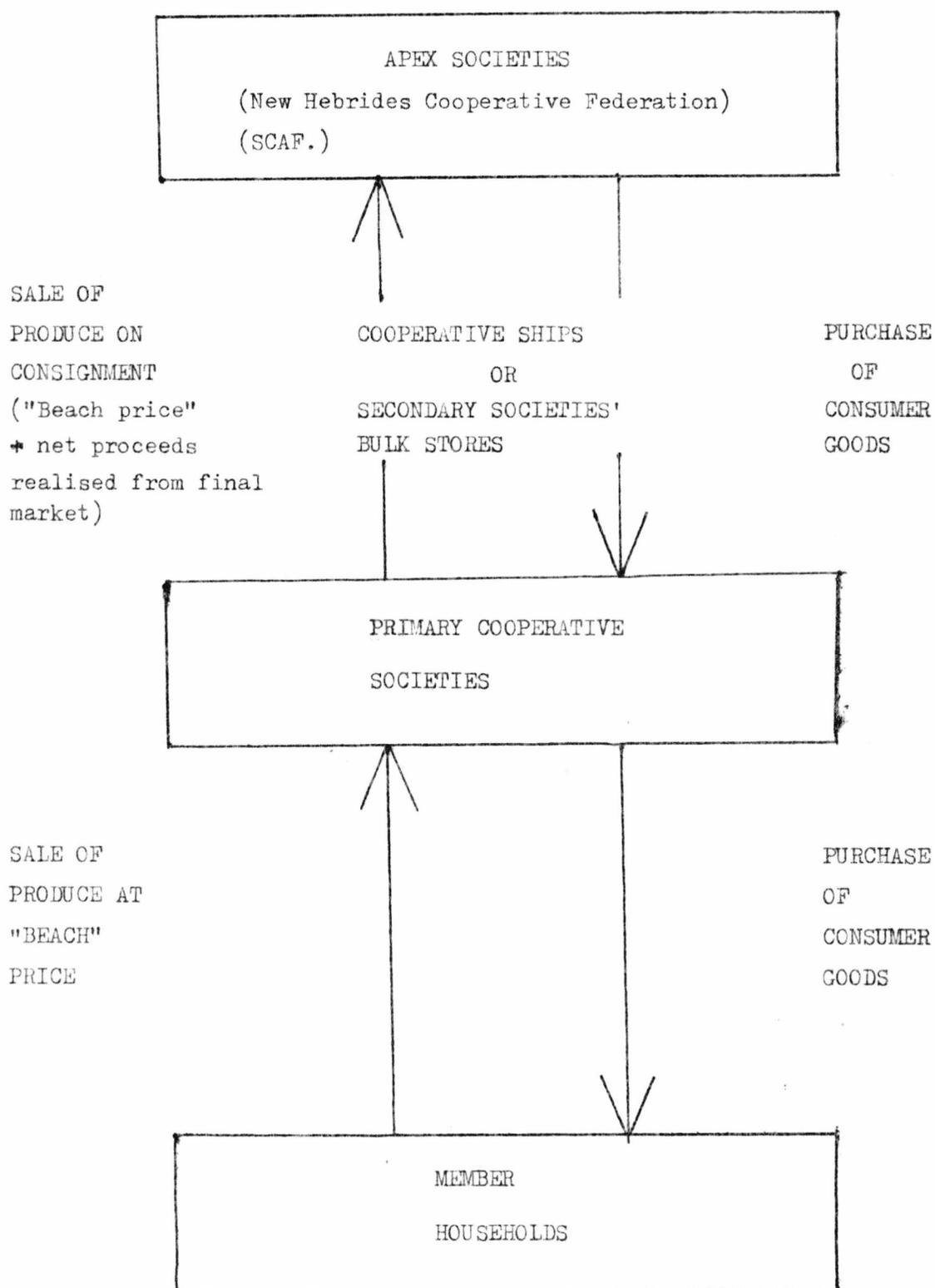
#### The primary society

The objects of a primary society are, to quote the British-supervised societies' by-laws:

"to promote the economic and social interests of its members, and in particular (a) to market, or to process and market, such produce of its members as the committee shall from time to time decide; (b) to operate a retail store for the benefit of its members and the better distribution of consumer goods."

A Society's capital is raised mainly from its members' shareholdings and from undistributed net profits. Membership of a society is open to all those who live within its area of operations and pay the stipulated share contribution. Admission is by a majority decision of the committee. Under the Joint Regulations, no person may join more than one cooperative operating for the same purpose in the same area but this is often disregarded. Similarly, the British-supervised societies' by-laws state that every member must be over the age of 18. Yet at many societies young children are members. Generally though, membership is held by the principal male in the household. The

Figure 2

THE ORGANISATION OF COOPERATIVE PURCHASING AND DISTRIBUTION

French-supervised societies' statutes require that every member who is engaged in agriculture must supply to the society his entire production, other than subsistence needs. This is difficult to enforce and in practice members do sell their produce through alternative outlets. One other rule commonly ignored is that the society should not sell goods on credit.

The accounts of the primary societies are kept by a variant of double-entry bookkeeping, resembling that used in former French West African cooperatives. The system is very simple and incorporates a journal and ledger into one account book (the Day Book and Ledger). Both the French and British-supervised societies use this system, <sup>which was</sup> ~~having been~~ jointly devised in the early days of cooperative development. The accounts are inspected at intervals of three to six months. The Cooperative Inspectors are also responsible for closing the final accounts and presenting the balance sheet and profit and loss accounts.

The net profits of the Cooperative, after a statutory 10% reserve allocation has been deducted, may be: (a) distributed to members in proportion to the amount of business done by each member with the Cooperative; (b) distributed as interest on share capital at a rate not exceeding 6% (or 5% under French by-laws); (c) allocated to reserves or for special purposes. Until recently the policy of most societies has been to pay as large a dividend as possible. Interest payments on share capital were discontinued by British-supervised societies after 1967.

#### The apex organisations.

The two apex organisations are the only national bodies representing indigenous economic interests. The apex organisation of the British-supervised societies is the New Hebrides Cooperative Federation Ltd., set up in 1973 to "improve the economic and social lot of the indigenous people" (Minutes of the inaugural meeting 12-7-73). Its particular objectives as contained in the by-laws are:

"(a) to carry on all or any of the trades or businesses of manufacturers, producers and merchants... of goods and produce of every description;

(b) to carry on the trades of booksellers, commercial and general advisors, publishers and arbiters in matters of dispute arising between societies; (c) to carry on all or any of the trade or businesses of bankers, shippers, carriers and insurers; (d) to engage in any business, trade, industry or profession... directly or indirectly conducive to the interests of or convenience of member cooperatives."

The main roles of the Federation have been to distribute trade goods to primary societies and arrange the export of their produce. Since 1976 it has operated two ships for these purposes. The Federation also opened a Savings Bank, using the primary societies as its agents. Apart from these functions, the Federation has not yet carried out any other of its stated objectives. Its involvement in the Vila abattoir was unsuccessful and its two ventures into manufacturing were disastrous, resulting in the total loss of its investments. However, in its capacities as a national representative of island cooperatives and as a bargaining force for the interests of the indigenous people, it has gone beyond its immediate targets. In political terms, the Federation is associated with the Vanuaaku Party; several of the Party leadership were former Federation office holders or employees. Its importance in providing a platform for the views of New Hebrideans was recognised by its being allocated two seats (and its French counterpart one) in the first Representative Assembly. Through its liason with the British Cooperative Department, the Federation has the ear of the British Administration and has provided a convenient channel for overseas aid. On the domestic economic front, the Federation provided for the first time large scale competition to the major commercial houses, although it still exports copra through their agency and makes substantial purchases of trade goods from them.

Membership of the Federation is open to any cooperative formed under the Joint Regulation No 11 of 1962. In the event, only the British-supervised cooperatives have joined. The French-supervised societies were offered membership but preferred to form their own organisation, Le Syndicat des Coopératives Autochtones sous contrôle Français (SCAF). The objectives of SCAF are: "(a) to assist in development; (b) to purchase goods in bulk;

(c) to market produce; (d) to grant loans and aid to the societies". These aims are not so all-encompassing as the Federation's but are very wide nonetheless. SCAF's expansion has been less dramatic than the Federation's and its scale of operations smaller. Its political aspirations have been minimal and there has been little pretence that it is an indigenously-run organisation. It is effectively an extension of the French Administration, being staffed by officers of their Cooperative Department and managed by the French Chief Cooperatives Officer. The Federation is staffed independently of the British Cooperative Department and is responsible for the wage bill of its employees, except for expatriate technical assistance (the Accountant and Merchandise Manager in 1976). The capital of both SCAF and the Federation initially came from the share contributions of member societies. These sources were totally inadequate and both organisations subsequently received considerable subsidies in one form or another from the Administrations.

The committee of SCAF numbers four members, elected by representatives of the member societies. The committee has "the most widespread powers to carry out any administrative acts or provisions" (SCAF by-laws). It is assisted by three non-voting technical advisers appointed by the French Resident Commissioner. The Federation main committee comprises 21 members, elected by delegates of the member societies. The main committee meets at least every six months and is responsible for formulating policy to be put to the General Meeting. To this end in 1976 it was advised by a policy subcommittee, composed of representatives from each of the administrative districts of the Group and chaired by the Federation President. Both committees were assisted by the General Manager and a liaison officer from the Cooperatives Department. In its turn, the Policy sub-committee was advised by an Advisory Committee including representatives of the Cooperatives Department, the Federation's auditors, Barclay's Bank (the principal creditors) and the British Government's Finance Branch. Lastly, there was an Executive Committee which carried out the functions set out in the by-laws,

that is to control the day-to-day running of the Federation. The Executive Committee comprised the President, senior employees of the Federation and the Cooperative Department's Liason Officer. This rather unwieldy system was devised to rectify the complete lack of supervision and accountability which existed previously and which had allowed the Federation to drift unchecked into financial difficulties.

#### Secondary societies.

Five secondary societies were established under the auspices of the British Cooperatives Department: four societies to run bulk stores in each administrative district,<sup>1</sup> and the North Efate Transport Cooperative Society Ltd. to operate a small launch to service societies in its area. The North Efate Society ceased operations after four years due to "lack of adequate management" (1970-5 Development Plan). The Central District No 2's bulk store was closed in 1976 as it was felt that the primary societies in its area were as well, or better served, directly from Santo. The other bulk stores are nominally operated by the secondary societies, but in fact are branches of the Federation. The Federation employs and pays the wages of the storekeepers and provides the stock. The bulk stores' accounts are incorporated into those of the Federation. The operation of bulk stores is particularly advantageous in areas ill-served by shipping. The Tanna warehouse has alleviated problems of infrequent shipping, enabling cooperatives on the island to be regularly supplied with trade goods and to have a ready market for their copra. In 1977 the Federation intended to open a bulk store on Motolava, in the poorly-served Bank Islands.

#### The Cooperative Departments and the Administrations.

In their replies to an I.L.O./South Pacific Commission questionnaire in 1972, the Cooperative Departments gave their objectives and functions as follows:-

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1. The Northern District Secondary Society was originally formed to manage an improved copra quality scheme. It also operated a small launch and purchased agricultural materials in bulk for its member societies.

British Cooperatives Department:

"(a) The objectives of government policy in the development of cooperatives are:

(i) Economic education of staff and members, (ii) Provision of trading stores in remote and hitherto unserved areas, (iii) obtaining the best possible prices for cash crops produced by members.

(b) Departmental functions in cooperation are:

(i) Training of junior supervisory staff. (ii) Training of Society officials. (iii) Audit and supervision of societies. (iv) Formation and development of new societies. (v) Education of members".

French Cooperatives Department:

"(a) Develop the rural economy, encourage indigenous business. Train natives in commercial bookkeeping etc. (b) Train Cooperative personnel. Give them technical assistance, auditing, assistance in business activities, research for new markets for the Cooperatives". (Wahlfors 1972:6).

Since then the policy and objectives of the Administrations have been influenced by the emergence of the Federation and SCAF. The British Cooperatives Department no longer sees itself as promoting the economic interests of cooperatives, this is now the job of the Federation. It also wishes to hand over the audit and inspection of societies to the Federation. The functions then left to the Department will be those of a registry (i.e. looking after the legal aspects), liason between the government and the Federation, and education and training. On the other hand, the French Cooperatives Department, because of its close identity with SCAF, is more involved in commercial activities than ever before. Either way, the former roles of the Cooperatives Departments will be submerged in those of the apex organisations, at last paving the way for a Joint (Condominium) Cooperatives Registry.

In both administrations, government policies towards cooperatives are not decided within the Cooperatives Departments, but at a higher level. On the British side, cooperatives are dealt with by an Assistant Secretary in the Development and Natural Resources Section of the Finance Department. He reports to the Secretary for Development and Natural Resources, who in turn is responsible to the Financial Secretary, the third most senior officer in the British Government hierarchy. Nearly all decisions are made by this

stage, although the Resident Commissioner is kept informed and may intervene. The Chief Cooperatives Officer is consulted in the decision-making process. As likely as not his view will prevail, but the actual decision is left to the Administrative Officers. In the enquiry following the Federation's near collapse, the Financial Secretary was implicitly criticised for not taking a more active involvement in cooperative affairs, and for leaving matters in the hands of the Chief Cooperatives Officer. As a result of the criticisms, the Finance Branch subsequently took a close interest in the Federation's activities. At the time of my fieldwork, the Cooperatives Department staff were complaining that they were being by-passed by the Administration and their liaison responsibilities usurped.

In 1974 the British Cooperatives Department staff of 26 was headed by an expatriate Chief Cooperatives Officer, assisted by one New Hebridean and two expatriate Cooperative Societies Officers. Subordinate to these were an Assistant Cooperative Societies Officer, three Senior Cooperative Inspectors and five Cooperative Inspectors. All were New Hebrideans. In addition, there were a number of trainee inspectors. The staff were assigned to posts in each of the four administrative districts. On the French side in 1974 the expatriate Chef de Service was assisted by three expatriate inspectors in charge of the Northern and Central Districts. The remaining ten staff were Melanesians, except for a Vietnamese responsible for merchandising and produce marketing, a French volunteer accountant and a métisse office typist. In 1977 the French Residency localised the post of Chef de Service and a New Hebridean was appointed to it. At the time of writing, the General Manager of the Federation is New Hebridean but the British Chief Cooperatives Officer is still an expatriate.

#### Size of cooperatives. Policy.

Laidlaw has asserted that cooperatives which are too small to be viable business organizations have no place in development strategies (1970:227). Alluding to a report on Sri Lanka cooperatives, he notes that it discards

the "once fashionable" theory that every village must have a separate and autonomous cooperative. In the New Hebrides cooperatives are both small and village based, yet real economic and social benefits have resulted. The question of size therefore needs some examination.

The British Cooperatives Department's guidelines as to whether a cooperative should be started under their supervision is that there should be a minimum of 30 members or \$2000 capital. The optimum number was considered to be between 50 to 80 members, above 80 a society was likely to become unwieldy or prone to internal disputes. The minimum size rule is not inflexible and of the 156 supervised societies in 1974, 13 were below both the membership and capital criteria. The smallest retail/marketing society by membership was Jorei in the remote Big Bay area of Santo island with only 15 members. The French are not so particular about size and will supervise any society as long as it has the minimum legal requirement of seven members to support the initial application to set up a cooperative. In 1976 they were supervising three societies with under ten members each, the smallest having only eight members. These societies were little more than family companies.

The British Cooperatives Department's view that there is a size below which a cooperative is unlikely to be viable has meant that in some places requests for supervision have been turned down. The point has been made that villagers want a society for the services it provides, not for the profit (Various Papers 1978). Furthermore, the people derive prestige from having their own store. There is also some evidence that smaller cooperatives are *more* likely to be identified ~~more~~ with the community than are larger societies. In general, but with some notable exceptions, bad debts are less and customer loyalty stronger at smaller societies. However, small societies must inevitably operate with a number of handicaps, including greater infrequency of servicing, inability to attract secretaries because of low turnover, and restrictions on development due to low capital resources.

The British Cooperatives Department has sought to encourage societies to join together in order to gain economies of scale. The main advantages are that the societies' bookkeeping and overheads can be reduced and there are likely to be fewer cooperatives for the Federation to service and the Department to supervise. On the other hand, savings in labour costs are unlikely as wages will still be 5% turnover, irrespective of whether they are paid to one or more secretaries. More importantly, the threat of factionalism is ever present in cooperatives, and the bigger the society the more likely it is that internal disputes will break out. There are many examples of cooperatives having divided into two or more smaller societies (Three Hands on Pentecost split into four), and only one instance - QRTV on Motolava - of amalgamation. QRTV, the name derives from the initials of the four member societies, was very much the result of circumstances following a disastrous hurricane. The damage suffered by the societies would have bankrupted them unless they joined forces. Even so, an internal dispute broke out when one group charged that it was being unfairly discriminated against by the others.

The feeling among cooperative members generally is probably that there is no necessity for larger cooperatives. The benefits from scale economies would be outweighed by the social and political disadvantages. At Ure on Tanna island, the members were asked if they were in favour of cooperatives joining together to make one large society. 80% (56) of those questioned were against, by far the most common response being that amalgamation would lead to conflict and quarrels. Attempts have been made by the Cooperatives Department to unite the two Aneityum cooperatives and to reunite Tautu and Sepeno Cooperatives on Malekula island. They have so far failed. The stumbling block is that the members are afraid of losing control of their cooperative to their prospective partners, whom they regard more as rivals. It is social prestige and economic status that they feel is at stake.

Aneityum provides a good example of the difficulties incurred in trying to

bring about unification. Since 1970 there have been two cooperatives, each with around 40 members, in a village of some 300 inhabitants. The stores are within 15 minutes walk of each other. The village is divided into two factions over a land problem. In the latter half of the 19th century, the People of Aneityum were concentrated at Anelgahaut Bay in order to bring them more closely under the wing of the Presbyterian Mission and to facilitate medical care. The original inhabitants of the area have since tried to protect their land rights against the incursions of newcomers. Time has not lessened their differences. Against this background, the Department pressed ahead with plans to amalgamate: "Bearing in mind the lack of co-ordination between the two groups, I believe that a solution can easily be found to get them to understand the cooperative idea as one, and not to be divided because of their own politics" (Cooperatives Inspector's Report 25-9-70). However, the "easy" solution was not to be. Numerous attempts were made to bring the parties together. All were abortive. On one occasion in 1972 a secret ballot of members present was held and, although the members of one society (Nepek) were almost unanimous in voting for amalgamation, the members of the other society (South East Aneityum) were just as solidly against. In September 1973 the Chief Cooperatives Officer himself made arrangements to visit Aneityum "to affect the amalgamation". He was no more successful than anyone else. By the end of 1974, there had been 22 meetings to arrange amalgamation by various interested persons. None succeeded and by 1977 there was still no prospect of the societies joining together, despite the blandishments and "logic" of outsiders.

#### Performance and size

The performance of cooperatives may most easily be measured by the surplus or dividend it produces. But as the ICA Commission on Cooperative Principles has pointed out (1967:23), it is a fallacy to regard the rate of dividend as the most reliable index of efficiency. Cooperatives may pay more regard to reducing costs to the members than making profits. They may also, for

good business reasons, be placing net earnings to reserves. In Appendix 3 both net distributable surplus and turnover (as a proxy for services) are taken as measures of performance. Cooperative size is determined by the number of members, capital and turnover.

As one might expect, the small cooperatives, however size is measured, do proportionately less well in producing net surpluses than the larger cooperatives. If the ratios of net distributable surplus to size are considered, the smaller societies still perform less well than the larger ones but the correlation is less marked. Several small societies have high ratios and some of the larger cooperatives have low ratios, particularly as regards surplus over capital. But it is difficult to argue that these large cooperatives may be overcapitalised, as reserves are needed for development. It is the Cooperatives Department's policy to encourage limitation of dividend payments in favour of the accumulation of reserves. When performance by turnover is taken, the smaller societies come out in a much better light. There is no significant difference at the 1% level in the performances of the differently-sized cooperatives (for size by membership  $\chi^2 = 6.26$ , for size by capital  $\chi^2 = 12.06$ .) Thus one may conclude that, if turnover is indicative of services provided, the smaller cooperatives do as well as the larger ones in this respect. This brings us back to the ICA Commission's remarks that a cooperative, as distinct from a joint stock company, is in business to provide services to its members, not to maximise profits. The above showing suggests that small cooperatives do this job as well as large ones.

#### Capital and size.

Capital is raised from the following internal sources: <sup>firstly</sup> (a) shareholders' contributions (shares and, very rarely, loans); <sup>secondly</sup> (b) retained surpluses. Joint Regulation No. 11 of 1962 lays down that a minimum of 10% of net profits must be transferred to a Reserve Fund until the amount in the Funds equals the initial (share) capital of the Cooperative. In addition to this,

the society may decide to forego distribution of part of the amount normally payable to the membership. A smaller amount of capital comes from external sources. These are threefold: <sup>firstly there is</sup> (a) credit from within the movement. The Federation may advance cash as working capital to purchase copra. <sup>Secondly</sup> (b) ~~From~~ <sup>may contribute.</sup> financial institutions. This is exceptional but Barclays Bank has extended a \$10,000 overdraft to Lakatoro Consumers Cooperative. <sup>lastly there is</sup> (c) ~~Overseas~~ aid. The Federation has received aid which in turn benefits the primary societies. The Tanna Fishing Company, a consortium of cooperatives, has received gifts from the South Pacific Commission and the Australian and New Zealand Governments.

Apart from anything else, the larger the shareholding per member, the more he has to lose. This in itself can generate loyalty and enthusiasm by giving a vested material interest. All too often the aspirations of a cooperative's membership do not match its capital resources. Too much is wanted for too little invested. The Federation itself epitomised this. There is a growing awareness, partly due to Cooperatives Department publicity, that a society needs capital to expand. As this is not likely to be provided from external sources, the membership must either set aside to reserves a larger proportion of its surplus or else increase members' share contributions. An example of both of these strategies is provided by Isangel Cooperative on Tanna. In order to finance its new store building, it allocated for the purpose 5% of its net surplus in addition to the normal reserves allocation. At the same time, members' share contributions were doubled from \$20 to \$40. In all societies an inadequate capital base may restrict not only expansion of the society but also its day-to-day business. In a rising copra market a shortage of working capital will seriously hinder the society's ability to purchase members' copra.

Branch stores.

One way round the problem of providing small villages with stores while obtaining the scale advantages of larger cooperatives is to open up a branch store of an existing cooperative. On Tanna, Ure and Ipip Cooperatives have

branch stores to serve hamlets some distance from the main stores. However, the branch store option has not proved as successful as hoped. There is frequently friction between the people served by the branch store and those of the main store; which may have been the reason for the creation of the branch in the first place. This in due course may lead to the setting-up of a new society based on the branch store. For instance, at Nisele Cooperative on Epi island (80 members), disputes over the running of the store developed between the people of the main store village, Nikaura, and those of the branch store village, Moriu. Matters came to a head in April 1977 when the Nikaura people alleged that the Moriu members did not help them unload cargo from the trade ship. From the Moriu side came the counter charge that the young men of Nikaura started drinking the society's beer as soon as it was off the ship. As a result of these apparently trivial conflicts, which may have been symptomatic of deeper divisions, the Moriu people decided to turn their branch into a full society. At Wunauru Cooperative (60 members) on Santo, the people of the branch store village had long considered themselves "oppressed" by the main store people. Because of "long-standing quarrels", the two sides were unable to work together and the branch store people wanted to set up a separate cooperative (British Cooperatives Department papers 1976).

A variation on the usual branch store theme occurred with Bulemis Cooperative on Pentecost island. Here they set up a branch store in a village about eight or nine miles from the main store. The people of this village then decided to set up their own society and the Mahera Cooperative was formed. But the Bulemis branch store still continued in use as people from the main Bulemis area had gardens near the branch store and had need of a store in the vicinity. Their store was there first and they did not intend to give it up in favour of Mahera's. A similar situation developed in South Santo where Noka Cooperative had operated a branch store near to Revelesia Cooperative's store. In this case, the Cooperative Department told Noka to close their branch as they were operating outside their legal area.

In sum, branch stores may appear to be an attractive proposition but, in practice, they tend to hive off and establish as separate cooperatives. Even if there is no friction between partner villages, it is likely that for reasons of servicing and bookkeeping the natural progression is for the branch to become fully independent. In any event, the scope for branch stores is limited as it is essential that a main store and its branch have good communications between them. For many places, this cannot be so as roads are generally inadequate and water transport, if available, is unreliable and sometimes costly.

### Liquidation

Only occasionally does size have a direct bearing on whether a society is to be liquidated, Salegoso Cooperative (page 87 ) was one, but it is convenient here to discuss policy towards liquidation. Only ten primary societies have ceased to function out of the 267 societies formed up to 1976. Of these, the two urban consumers societies have not been wound up, but their operations suspended in the hope that one day their activities may be resumed. This small number of societies closed down ~~could~~<sup>would</sup> probably have been at least doubled or trebled had a more stringent approach to liquidation been taken.

The attitude of the British Cooperatives Department is that there is no point winding up an insolvent society as its assets will be so little that its creditors (the main one generally being the Federation) will get back practically nothing. Moreover, wiping out a society's debts, perhaps to allow a new society to form with a clean sheet, may cause resentment <sup>in other societies.</sup> Those societies who have paid off their debts will think that they were fools to do so and thereafter will make no attempt to meet their obligations. It is therefore considered better to keep the society going in order that it market copra and so pay off its debts. This approach has been followed at Marotuaki Cooperative on Efate which owes some \$28,000 to the Federation. But, the members have lost confidence in the society and prefer to sell their copra to the commercial houses. No revenue is coming into the society and the trade

store cannot be restocked because the Federation demands cash before supplying goods. The society in this state is of little service to the community, and does nothing to further the image of Cooperatives.

As Kidston remarked, there is little economic argument for indefinitely perpetuating an insolvent cooperative. The best thing to do is to get rid of it before it attracts "unwanted bad publicity and discouragement" (1973: 35). Furthermore, the time spent by Departmental Officers supervising such societies could be better used elsewhere. The Papua New Guinea Cooperatives Department commented in its 1971 Annual Report that "instead of giving advice, the Officers of our Audit and Inspection Service are virtually acting full time in assisting societies to extricate themselves from unsatisfactory financial situations". In the New Hebrides the problem has not assumed these proportions among primary societies, but the several insolvent societies that struggle to exist do impose unrewarding demands upon the Cooperative Department's limited resources. It may be an admission of defeat to close down a society permanently, but to do otherwise may be a misallocation of resources.

The liquidation of a society is not necessarily an unmitigated disaster. The society may simply have outlived its usefulness and another form of business organisation may more appropriately <sup>provide the necessary services.</sup> ~~serve the needs of the people.~~ A liquidated society may even be counted a success to the extent that it has educated people to the business opportunities that are open to them and has provided useful services in the past.

The cooperative committee.

It is now appropriate to consider internal organisation of primary cooperatives, i.e. the management of the society and the participation of the membership.

The committee is responsible for the management of the cooperative and the supervision of the cooperative secretary, the principal paid employee of the society. As such, it is in theory where the power lies, subject to the

ultimate sanction of the membership at a General Meeting. In most cases, the important men of the area will be included on the cooperative's committee. Where they are not, it is indicative of a weak cooperative.

The Joint Regulation No. 11 of 1962 stipulates that a committee shall be elected from among the membership. The committee members in turn will elect from among themselves a chairman/president who shall preside over meetings of the society. The chairman is also the cooperative's legal figurehead and any legal proceedings shall be instituted by or against him. The committee as a whole represents the society in its dealings with the Administration or other bodies. Committees are supposed to meet at least once a month, according to the by-laws, but this rarely happens. At most societies, decisions are made informally at every day social gatherings.

The responsibilities of the committee are as follows:

- (i) to supervise the day-to-day running of the society's affairs, including checking the cash daily and the stock monthly, and controlling the budget;
- (ii) to fix prices for the purchase of produce or the sale of consumer goods;
- (iii) to order goods for the store; (iv) to engage and dismiss employees of the society; (v) to carry out any other specific duties as laid down by the by-laws. The committee has then the widest powers but in practice many of them, particularly those relating to the daily operations of the store, are left to the secretary.

The committee and the cooperative's performance.

A committee which is disinterested in the cooperative's activities or lacks the authority to implement its decisions is likely to undermine the well-being of a cooperative. A good secretary may sometimes be able to keep the society viable, despite the committee's failings, but very often a weak committee and an indifferent secretary go hand-in-hand. A weak committee may be incapable of ridding itself of an incompetent secretary while a secretary is liable to lose his enthusiasm without the support of an active committee. At the now liquidated Vatulone Cooperative on Aoba, its financial troubles

were attributed to "a poor secretary and a non-existent committee". This society had three secretaries throughout its five year life and the implication was that the poor performance of each was largely due to the negligent attitude of the committee. At another of the liquidated societies, Vonogi on Maewo island, the committee was variously described as "ineffective", "absolutely hopeless", "useless", "uncooperative". (British Cooperatives Department Inspection Reports 1971/2). Inspection reports on other societies which have run into trouble frequently record weak committees. At Tanben on Tanna, where severe credit problems were experienced, the committee were reported to be "very lazy and didn't turn up to do their duties which they were elected to do". (British Cooperatives Department Inspection Report 1975) At nearby Pukamlalam Cooperative, the committee left the secretary to his own devices, regarding him as "sole trader in the village". The secretary was in due course removed by the Cooperative Department for misappropriation of his society's funds. The committee of another less-than-successful Tanna Cooperative, Kasali, were only prepared to meet if they were paid cash or given rations. At Iakarapam Cooperative, committee disinterest was a principal factor in that society's calamitous financial showing between 1974 and 1976. For all these examples of disinterested or ineffective committees, in the majority of societies committee members do want to play an active part in their society. They may not take on all the responsibilities called for in the by-laws, although here the Cooperative Department's education programme is having some effect, but they do exercise guidance and some degree of control over the society's affairs.

#### Committee composition.

There is no stipulation under the Joint Regulations as to how many committee members there should be, but the size typically ranges from between seven to ten members. As for the composition of committees; at Ure Cooperative on Tanna the original committee of eight members comprised men of chiefly lineages, mostly drawn from the principal clans. A young well-educated man

was selected as being most suitable for the job of chairman. Although not from the important clans, he was an affine of the family who initiated the cooperative. Ten years later, the committee had completely changed: the older men had been replaced by the following generation of dignitaries. The committee had increased to twelve members of whom two represented the society's new branch store. The men on whose land the cooperative's stores stood were also now included. The former chairman had left the island and was replaced by another young man, a member of a dominant clan. Seven of the committee members were from the three main clans. The committee at Keme Cooperative on Tanna represented each of the hamlets from which the membership was drawn. The chairman was a leading figure in the district and owned the land where the cooperative store was sited. On Aneityum, the committees of the two cooperatives include all the present leaders of the island. <sup>(see page 145)</sup> The chief of Aneityum is on the committee of the Nepek Cooperative. His step brother was the chairman until 1977. The first chairman of the South East Aneityum Cooperative was also of chiefly lineage. He is now the President of the UCNH national political party and has left the island. His successor is the son of a subchief, a government assessor who is himself on the committee. At Pele Island Cooperative, each of the island's four villages are represented by senior men, including the chiefs of two of the villages and the brother of the chief of the third. The chief of the remaining village was at one time on the committee. Although a leading figure in the formation of the society, he no longer actively participates but his family's interest is maintained as the Cooperative's chairman is married to his sister.

#### Committee and by-laws.

The regulations state that the committee shall be elected from among the members. The selection of the committee is decided by discussion. A ballot of the membership is rarely held. In most cases, the choice is a foregone conclusion, the prime movers of the cooperative and the leading men of the district are selected. The re-election of the committee is also automatic

unless something is seriously amiss in the cooperative's affairs. The rule that the committee must come from the registered membership of the cooperative is also apt to be waived. At Ure, one of the committee was not a member of the cooperative, although his father was. At South East Aneityum, three of the nine committee men were not themselves members; one had withdrawn all his shareholding, another used his father's membership number and the third used that of his wife. A similar state of affairs obtained at Pele Cooperative where three of the seven committee were non-members. The height of absurdity was reached at Narvi Cooperative on Tanna where the chairman was a non-member. This man also had interests in a private store and, under the Joint Regulations, should have been excluded from committee membership on these grounds in any case.

#### The Cooperative Secretary.

##### The secretary and the committee.

The secretary is the key man in any society. He is responsible for the society accounts, he acts as store-keeper, he purchases copra and other produce, and he keeps the minutes of committee meetings. The second and third functions may be delegated, depending upon the work load of the society and its financial resources. Although the by-laws state that the committee shall control the day-to-day affairs of the society, these are in reality the province of the secretary, subject to various checks by the committee. Re-ordering of goods and price-fixing are supposed to be carried out by the committee in consultation with the secretary but in most societies these are left to the secretary. Minute taking is a minor task and very many societies do not bother to hold formal committee meetings.

The overall policy of the society is decided by the committee, representing the membership. A common cause of friction is where the committee intrudes too much into the everyday running of the business or where the secretary does not pay heed to the legitimate instructions of the committee. The committee does have the right to dismiss the secretary, but, as the Cooperative Department invariably has the job of finding a replacement, a secretary is

only dismissed with its concurrence. The secretary's wages are paid for out of the revenue of the cooperative and are: (a) 5% of the store turnover (with one or two exceptions where the store turnover is very high), (b) \$1.20 per tonne of copra, cocoa and shell purchased and, (c) \$1.00 for every \$100 of other produce purchased. In rural areas where there is little wage work available, the position of secretary can be a highly desirable job in financial terms and can give a young man a status that he would otherwise be unable to attain. At Ure Cooperative the secretary in 1976 had the highest money income in the locality, exceeding that of the local school teachers.

Secretaries' origins and place of work.

The ethnic origin of a secretary is of considerable importance among people who are insular, both literally and figuratively. Table 5 gives the breakdown for all British-supervised cooperatives in the New Hebrides in 1976.

Of the larger islands, Pentecost has the fewest outsiders, with none at all coming from outside the island. This is probably because most young men on the island, particularly in North Pentecost, have attained a comparatively high level of education. The four non-local secretaries are all north Pentecost men working in the south or centre of the island. On Ambrym, only one secretary is from another island. Ambrym does have some difficulty in attracting other islanders, in part due to its reputation as a place of sorcery (Tonkinson 1968).

The more isolated societies do not attract outsiders as they are usually small with low turnovers. Examples of these are in the Southern District Outer islands, and most of the Banks and Torres Group. The only secretary from outside the south in the Southern District outer islands (at Nepek, Aneityum) had married a local woman. He has since been replaced by a local man. The Banks and Torres societies all have secretaries from within these two island Groups, although not necessarily from the immediate area of the cooperative. Even on Tanna, a well-populated island with good communications, some of the smaller societies had difficulty in attracting secretaries.

Table 5

Ethnic origin of secretaries.

Cooperative Locale	Number of local men as cooperative secretaries	Number of secretaries from elsewhere on same island or nearby island	Number of secretaries from more distant island
Tanna	12	7	2*
Other			
Southern District	2	3	1
South Efate	2	0	3
North Efate & Neighbouring islands	8	0	2
Tonga	1	1	5
Epi & Lamén	3	1	2
Other C.D.I. islands	5	0	1
Pentecost	12	4	0
Malekula & offshore islands	20	9	4
Ambrym	14	1	1
Paama	1	1	2
Santo and Tangoa	14	1	3
Malo	3	1	1
Aoba	7	0	3
Maewo	3	1	0
Banks and Torres	5	4	0
	112	34	30

Notes: Two societies had no secretary. \* Includes secretary of Southern District Association Secondary Cooperative Society.

Tonga and Paama, although small islands, are densely populated and their societies offer prospects of good turnovers and thus high salaries. There is therefore no shortage of outsiders willing to come to these societies. On the other hand, there is a tradition of emigration on both Paama and Tongoa. The young men are used to travelling to the towns of Vila and Santo to seek higher paid wage work than the few posts of local cooperative secretary can offer. So cooperatives on these islands often have to look outside for their secretaries. Similar reasons obtain for Efate, the main island of the Group. Local men are not interested in becoming cooperative secretaries, due to the more lucrative opportunities in Vila. Only three Efatese were secretaries

in January 1977 compared to 32 Malekulans, 25 from Pentecost, 21 Tannese and 19 Ambrymese. Even sparsely-populated Maewo produced more secretaries than Efate. Most secretaries came from Malekula, but only three of these worked outside their home island. The Pentecost secretaries were the most widespread, being found in all districts of the Group, probably resulting from the higher levels of mission education long prevailing on Pentecost.

Attitudes of members to secretaries.

Some two thirds of cooperative secretaries are local men (table 5). There are two basic reasons for this. Firstly, the small size of a society and its location may deter outsiders. Secondly, the memberships in most cases prefer to have local people in the job. Sometimes this may not be possible if the young men of the area lack the education or inclination to become secretaries. The latter is largely a function of the alternative employment opportunities open.

In my survey at Ure Cooperative on Tanna, where all except one of the members are local, the members were asked if they preferred local secretaries. The present secretary is local but the two previous men were from distant Pentecost island. The first left after an accumulation of troubles over women, his drinking habits and cash shortages. The second transferred because his wages were not enough. The Ure members overwhelmingly replied that they would rather have a local secretary. By far the most common reason in favour of a local man was that he would speak the members' language (50% of respondents.) Next came knowledge of the members and their customs (18%). Only two members were openly suspicious of outsiders, one saying that he did not trust them, the other that they would be likely to harm the business. Of the five members (7%) who wanted an outsider, three gave no reason, one said that outsiders listen to the members' viewpoint, locals do not, and one thought that an outsider would stay in the store instead of always going off to tend his garden.

The Ure members reasoning in favour of a local secretary is sensible and

not xenophobic. It makes sense to have someone who can speak the language when 40% of the Ure members cannot speak Pidgin, the Group's lingua franca. The compatibility between secretary and members is likely to be enhanced if he already knows them and their ways. He will have more allegiance to the cooperative. Also it will not be necessary to provide a house for a local man and he will have less excuse to allow himself store credit as he will have his own garden. A local secretary may be easier to recruit and more likely to stay in post; there are numerous cases of outsiders running off to their own home or going on holiday and never coming back. Sometimes this is sheer loneliness in a strange community or homesickness, but frequently it is a symptom of hostility or apathy towards the secretary. A problem that recurs time and again is that an outside secretary's association with a local woman is resented. The members do not want to lose a woman from among them without the prospect of receiving one back in exchange. Against all this, an outsider will probably have had more business experience. Furthermore, not having local distractions to involve himself in, such as a garden or local political aspirations, he may devote more attention to the cooperative's affairs.

#### Secretaries' Backgrounds.

(a) Religion: In 1975 of the thirty eight secretaries of the British supervised cooperatives in the Southern District and Central District No. 1, 33 were Presbyterians. The predominance of Presbyterian secretaries in the Centre and South is because the Presbyterian Mission's activities are strongest in those areas. Virtually all the Catholics are French-educated and therefore unlikely to enter the British Cooperative system (there was to my knowledge just one Catholic secretary, at Amar in North East Malekula). That there are few, if any, custom-only secretaries is a function of education. It was formerly only possible to receive schooling in the islands by attending a mission school. Problems may arise if a secretary is of a different creed to the membership. The Seventh Day Adventists in particular, with their taboos on alcohol, tobacco and pork and their observance of Saturday as the

Sabbath, are best served by an S.D.A. secretary.

(b) Age: Most of the secretaries are young men. It was the Cooperatives Departments' policy to prefer young people because they were more likely to have received an education, were thought to be more receptive to learning and would provide a better long term base for the movement. Of the Central District No. 1 and Southern District secretaries in 1975, over half were aged between 21 and 26 and only six were 30 or over. The youngest was 18, but he was secretary of the cooperative run by the Onesua High School at which he was a student. The oldest were two men each 37 years old. Both of these (at Buninga island and Kasali on Tanna) were forced into the job as no-one else was available in their locality.

(c) Education and training. Nearly all secretaries were educated up to the New Hebrides Senior Primary School standard, which was about as far as one could hope to get in the islands. A number were ex-teachers, the Kasali secretary had eight years as a teacher and three years at a Bible College. All except the secretaries at the Tanna concrete block-making cooperatives had been on cooperative training courses and most on refresher courses. I was able to attend a refresher course for Southern District Secretaries in August 1976. The course lasted three weeks and covered subjects ranging from the principles of cooperation and cooperative law to bookkeeping and store hygiene. The course may best be summed up as extensive rather than intensive. It provided an opportunity to put desired information across, some of which the students probably retained but much of which passed them by. The classes were conducted in Pidgin and the students were encouraged to take notes. Of great <sup>effect</sup> value was a back-up visit made by the lecturer to each secretary's cooperative some weeks after the end of the course. The lecturer spends a few days with the secretary to see if he is putting into practice what he has been taught. Time is taken over the problems confronting the individual secretary in the place where they arise. The lecturer also arranges meetings with the committees and members to inform them of the principles of cooperation

Table 6 Backgrounds of some secretaries of Tannese cooperatives, 1976.

Secretary	Cooperative	Year of birth	Place of birth	Education	Other Employment	Dates of attendance at Cooperative Training Courses
Nilua Cleopas	Kasali	1938	Waisisi Tanna	Waisisi Presbyterian Junior Primary 1952-1954 Petros District School, Tangoa Bible College, (Santo) 1955-1958.	Mission Teacher 5 years. Government teacher 3 years.	1973 1974 1976
Joe Iautim	Ure	1949	Lenakel Mission Hospital Tanna	Loukatai Junior Primary 1960-1962. Lenakel Senior Primary 1963-67	Teacher one year	1969 1974 1976
Charley Iarapia	Isua	1950	Lenakel Mission Hospital Tanna	Loukatai Junior Primary 1961-1962 Lenakel Senior Primary 1963-1968	Crew on C.F.N.H. trade ship	Untrained
George Turiak	Ramasana	1955	Louanegu Tanna	Isiai Junior Primary 1961-1966 Ienaula Senior Primary 1967-1970.	None	1971 1976
Ialmalu	Tanben	1952	Lenakel Mission Hospital Tanna	Lenakel Junior Primary 1965-1967 Lenakel Senior Primary 1968-1969	None	1971 1974 1976

Iak Souri	Ipip	1953	Tanna	Lenakel Senior Primary 1969-1972	None	1973 1974
Sam Ieru	Lenakel	1947	Aniwa island	Aniwa Primary School 1962-1964 Lenakel Senior Primary 1965-1967	Former Secretary at Aniwa Cooperative	1968
Nakou Apen	Kahut	1950	Lenakel Mission Hospital Tanna	Loukatai Junior Primary 1963-1966 Lenakel Senior Primary 1967-1970	Former Secretary at Narvi Cooperative	1971
Moses Nahui	Sousary	1951	Isiai Tanna	Isiai Junior Primary 1958-1966 Ienaula Senior Primary 1967-1969	Teacher	1972 1974 1976

Notes: All the secretaries are Presbyterian.

Source: British Cooperative Department records.

and their responsibilities to the cooperative.

(d) Former employment: of the 38 Central District No. 1 and Southern District secretaries on whom data were available twenty four had no previous employment, nine were ex-teachers, one had been a policeman, one a ship's crew and one only a former private storekeeper. The other two secretaries had been migrant labourers. The large proportion of secretaries without other work experience is due as much to the selection of young men from the local community especially for the job as a reflection of limited wage work opportunities. Latterly, the position has altered a little as cooperatives have become more established and most vacancies only occur in existing societies. School leavers now write into the Department seeking work. Suitable applicants are tested for ability and the best candidates are then included on the training courses, held at least once a year. Thereafter, as and when vacancies arise, they are appointed secretaries. However, it is still common that a society seeking a secretary will put forward one of its own young men for the job.

Secretary competence and integrity.

"Jack Alel has made a very fine secretary. He is not very bright but does exactly what he is told and is very methodical and painstaking - and honest". (British Cooperative Department Tour Notes 1965).

It is arguable <sup>whether</sup> ~~that~~ the qualities of a diligent plodder are ideal. Initiative is usually the mark of a good secretary, but integrity is essential. Because of the fundamental importance of the role of secretary to a cooperative, a poor secretary may seriously damage it. Conversely, a good man in the job may be the salvation of the society. Much also depends upon the committee. Even the best secretaries can lose heart if the committee does not support them. The more ineffective or apathetic the committee, the worse a cooperative will be affected by a bad secretary. No secretary is perfect but the most serious faults that may undermine a society are as follows:- (1) incompetence, frequently due to inadequate training or education. The secretary may not understand the system, bookkeeping or business management generally. Common

among the last are too low or excessive mark-ups and over-stocking or inappropriate purchasing.

(2) Negligence. The secretaries are disinterested in their work and have lost motivation for one reason or another, conflict with the committee being a frequent cause.

(3) Weak in their relationships with the committee and membership. For example, they may accede easily to requests for credit.

(4) Dishonesty. Although many bad secretaries are accused of being crooks because of unexplained shortages, the reason for the loss is as likely as not to be incompetence or lack of motivation. The secretaries are not up to the demands of the job or they just do not care. There is a thin line between negligence and deliberate theft, particularly over store credit. Nevertheless, a number of secretaries have been convicted for defrauding their cooperatives, including the former secretaries of six of the 44 cooperatives given in Appendix 6.

Examples of secretary difficulties are given in the following case studies. The source material is primarily Cooperative Department inspection reports, supplemented in the case of Tannese and Aneityum societies by personal enquiry.

1. Isangel Cooperative - Theft.

This society was started in June, 1974, on the British government station on Tanna. With the prospect of serving well-paid government employees, its future seemed good. However after six months, the secretary had run up a credit account of \$742 and the stock was discovered to be nearly \$500 short. Despite suspicions of theft, the secretary was kept on so as to make good the shortage out of his wages. Matters did not turn out as hoped. By July 1975, the secretary had fled the society, leaving outstanding credit of \$400 and cash and stock shortages totalling \$750. Over \$100 in cash was later found by children at the back of the store, wrapped up in paper and hidden in the grass. The matter was reported to the police but no action was ever taken, the police maintaining that there was insufficient evidence. A new

secretary took over for the second year of operation, turnover was increased by two-thirds and net profits rose by over 40%. The society, with a competent and honest secretary, is now (1977) one of the most profitable on Tanna.

2. Narvi Cooperative - Theft and negligence, disinterested committee.

Narvi, South West Tanna, provides a good example of how a cooperative that had progressed well enough under one secretary could be ruined by others. This society was started in 1971. It did reasonably well under a capable secretary but he was transferred to a larger society in 1974, in effect a promotion. After seven months of the new man being in post, an inspection revealed total shortages of \$1260. The members alleged that the secretary had helped himself to the society's cash and goods, but, since the books of the society were in a "mess", misappropriation could not be proved. The secretary could not be sacked immediately because there was no replacement available. It took another six months to find one but, after less than three months, the new secretary ran away. The inspector's remarks when he subsequently visited the store showed to what extent the cooperative had declined: "Goods were not properly stocked, prices of items were not displayed, books were lying about and the store appeared not to have been swept for months. A large amount of credit is given to members....". Another secretary was eventually found but did not last long and was fired for "laziness". That his lack of endeavour was partly the fault of the committee was evident: "The committee was very slack and did not even talk to the secretary when he was not doing his duties well and also themselves in taking up their responsibilities." (Inspection Report 19-2-76). The 1975/6 final accounts showed a store net loss of \$273. When I visited this society in 1977, it was doing little business and carried minimal stock.

3. Lenakel Cooperative - Theft and negligence.

This society was the first to be established on Tanna (in 1966) and in its early years did much to demonstrate to the Tannese the value of cooperatives. The first indication of secretary trouble came in mid 1968. The Senior

Cooperatives Officer reported that although the secretary from Pentecost had done "very well" for his society, the Tannese wanted a local man. A replacement secretary was found but he left after little more than a year following accusations of excessive credit. A succession of local secretaries then followed. Most showed disinterest of one form or another. Matters came to a head in 1974 when a stock shortage of nearly \$1400 was found. The secretary was dismissed, having "made a mess" of the society.

The replacement secretary was a disaster. In June of 1975 a new stock shortage of \$108 was discovered. This was put down to credit and the secretary's drinking habits. His excessive drinking was said to frighten customers away; on one occasion he was found in a drunken sleep across the store counter. At the next inspection a cash shortage of \$900 and a massive stock shortage of \$3300 was found, together with outstanding credit of \$2500. The secretary was dismissed and the police called in. He was subsequently convicted of fraud. Since then, his replacement, a man from Aniwa island, has pulled the society back on its feet. The net profits for 1975/6, excluding the millstone of truck losses, increased by nearly 50% on the previous financial account. Credit has been cut back and the Society shows every sign of recovery. One of the former Lenakel secretaries became secretary of the Pukamlalam society nearby, from which he was subsequently dismissed for allowing himself too much credit and causing stock shortages.

4. Ure Cooperative - Negligence and suspected theft.

Alcoholic drink has been a factor in secretary difficulties in a number of cooperatives. At Ure, the first secretary of the society built up a reputation as a heavy drinker. In the second year of the Society's operation, a cash and stock shortage of \$384 was reported. The deficiency was put down to "a general slackening of interest including the drunkenness of the secretary". (Inspection Report 20-1-67). Relations between the society and the secretary, a man from Pentecost island, deteriorated to a new low when it was discovered that he had made the daughter of a prominent member pregnant.

In September 1968 the secretary was transferred from Tanna. An inspection shortly after his departure showed a cash and stock shortage of nearly \$2000. It was alleged that the secretary had dissipated the money on drink and various expensive items. He denied this, blaming instead his two Tannese assistants. One of these was later dismissed for making cash advances and not keeping to the usual prices. Thereafter no specific problems arose over secretaries, although the first years of office of the present Tannese Secretary were marred by large accumulated stock shortages, perhaps due to his inexperience. These were written off in 1972, and until November 1976 no significant shortages were recorded. In that month a stock shortage of over \$1000 (40% of the theoretical stock holding) was brought to light. The secretary suspected theft whilst he was away attending a refresher course. Whatever the cause, no investigation was carried out and no blame was attached to the secretary.

5. Iakarapan Cooperative - Incompetence, secretary not supported by committee

The Tannese assistant secretary dismissed from Ure Cooperative was given a job as secretary at a new society nearby, Iakarapan, opened in 1974. A few months after he had been in the job, the cash was found to be \$192 short. He was removed and an untrained local boy was put in as a stopgap. He could not cope with the work and, as a result, the Society turned in a loss of about \$400 at the next final account. A new secretary of a much higher calibre was appointed and, despite a disinterested committee, he tried to bring about an improvement in the Society's affairs. A major problem was that the membership were pressing for credit and cash advances which the committee did nothing to curb. Even so, within a few months, the recovery was under way. The Inspector reported that the society was "beginning to come to life again". Cash advances were stopped and credit was reduced to a minimum. However, the Committee were still "rather slack". At the time of my visit in 1977 it seemed that it was only the secretary who was keeping the society alive.

6. Rano - negligence, misappropriation.

Examples of secretary negligence are provided by two North East Malekulan

societies. At Rano Cooperative, started in 1974, the secretary was appointed from the local community. From the outset, he displayed little interest in his work. At the first departmental inspection seven months after the store opened, the committee were complaining that the secretary was lazy. He did not keep to the set store opening times and was never around when wanted. After its first year's operation, the society turned in a loss of almost \$3000, over \$1000 of which was stock shortage. The reason for the missing stock is not hard to find as the store was left unlocked day and night:

"We have been told by the Chairman and the Secretary that somebody was killed by the old people long ago and buried where the store is built. His spirit is always there to frighten people from getting in the store when the secretary is away" (Inspection Report 17-6-75).

If this were so, one wonders why anyone would wish to go to the store in the first place. Nothing was done either about locking the door or improving the business management of the society. At the two subsequent six monthly inspections, a total shortage of \$9000 was reported. Eventually both the Secretary and Chairman were sacked. The new secretary was from Tanna. But the same pressures built up as before for credit and cash advances and the secretary was placed in an untenable position. After a few months, he ran away.

7. Atchin - Negligence, committee-secretary discord.

The Atchin society, not far from Rano, started off on a much better footing. After a few months of operation the members were described by the Cooperatives Inspector as "dead keen", the secretary was "doing very well" and the committee was "very active in supervising the secretary". The first year's business showed a net profit of \$1967 on a \$19000 turnover. Things were "running fine". But by the end of two years of operation the secretary had exhausted his enthusiasm. A cash and stock shortage of \$917 was found in March 1970 and the secretary was being described as "one of the most incompetent and lazy employees I've come across". The root cause for this rapid deterioration may be detected in the Inspector's further remarks that:

"The committee has been very hostile towards the secretary for various reasons. At one occasion, he committed adultery and was reduced to tears. The committee said that the secretary was obsessed with love affairs so that his secretarial responsibility was always neglected."

Whatever the reason, the committee was no longer supporting the secretary.

He was changed and another Malekulan, but from a different area, was appointed in his place. At first this man was said to be working very well but a problem soon arose, this time over religion. The secretary was a Presbyterian but the members were Seventh Day Adventist. He was particularly aggrieved that they wanted him to work on Sundays. By the end of the year the secretary was being called lazy, his store untidy and overstocked. In October 1971 he was finally replaced. The new man stayed for a few months and he too left. No reason was given but he left behind stock and cash shortages of nearly \$900. The next secretary apparently got on well with the members and committee. The inspector was able to report in January 1973 that "business was thriving".

8. Navuh - Committee-secretary discord, misappropriation.

Another case of friction between committee and secretary was at Navuh Cooperative on Malekula. The secretary had formerly been at Pinalum Cooperative but lost his job after a cash shortage was discovered. In April 1976, less than eighteen months after the opening of the Navuh Society, a total shortage of \$1683 was found. The Inspector's comment was that "the Secretary, who thinks he is the boss of the society, is trying to do everything for himself". He was running the cooperative as if it was his own private business. The cooperative's chairman wrote to the Chief Cooperative Officer in June 1976, listing 21 complaints against the secretary (see Appendix 5). The reasons included : a refusal to permit the committee to order goods or check the society's cash; incorrect weighing of copra and buying below the "beach" price without the committee's approval; failure to adhere to the store opening times laid down by the committee, and favoritism to his own family. According to the chairman, the disregard of members wishes was total - "he makes their words like nothings" - and they wanted him out. The Cooperative Department did act

quickly and in August a new secretary was appointed, much to his predecessor's displeasure. At the changeover meeting the former secretary created an angry scene, refusing to hand over the storekeys. Later he broke down the door of the cooperative. He was subsequently reported to the police for investigation over possible fraud.

9. Matvun - Committee-secretary discord.

Yet another Malekulan Society, Matvun, had trouble between the committee and secretary. The original secretary, from Santo island, did good work for the society in its first two and a half years but he wanted to return to his home island. His transfer was arranged in September 1971 and a new secretary found, a man from Tongoa island. However, the new man took a fancy to a local girl which the members resented. Hoping to obtain a replacement, they informed the Cooperative Department that he had run away but when an Inspector arrived, he found the secretary still at his post. The man was left in office and, not unexpectedly, the affairs of the society started to decline. For a time the secretary did not open the store regularly. Members began to make a practice of selling their copra at the cooperative and spending the proceeds in the local European-owned trade store. The secretary was finally replaced in 1973, the next secretary being Ambrymese. A good profit was recorded for 1974 and again in 1975 but, by 1976, strains again appeared. In that year the committee requested a new secretary, citing fourteen grounds, number one being that the secretary was running the society on his own without heeding the committee's advice. Ten of the complaints concerned his refusal to consult the committee or act in accordance with their instructions. The others were: not recording the minutes of committee meetings, refusing to open the store when customers called, hiring the local trade store's truck at too high a price, and short-changing children. The secretary left the Society in June 1976.

10. Aneityum - Chairman-secretary disputes.

At the two Aneityum societies friction between the respective chairmen and

secretaries occurred while I was on the island, with different results. At Nepek Cooperative the secretary and chairman fell out over the chairman's alleged taking of stock. The secretary (from Epi island) changed the padlock on the door of the store and an argument ensued. This the chairman lost and he resigned. At South East Aneityum the young secretary annoyed the members, including the committee, by his frequent absences from the store, his misuse of the Society's boat and by his "cowboy" behaviour. The most objectional aspect of this was his habit of throwing a knife about the store to see if it would stick in various non-human objects. The secretary became very drunk on New Year's Eve and failed to open the store. When the chairman took him to task, a row followed and the secretary fled into the bush. He was then dismissed, but after a few weeks the committee was compelled to have him back. The Cooperative Department could find no-one willing to take over the job at this small and remote society. It was only after some months that a Tannese secretary was found to replace him.

11. Naram - Size, situation and failure to attract and keep secretaries.

The failure of small, isolated societies to attract secretaries is illustrated by the case of Naram Cooperative in the Middle Bush district of Tanna. This society has only 20 members, five of whom are young children. It is also lost in the bush, being in the centre of the island and served only by subsidiary tracks. The Naram people are also strong traditionalists and most speak only their own language. All this is likely to deter outsiders while, at the same time, few local candidates are available. The society was opened in 1975, and within a year three secretaries had been in the post. The reasons put forward by the Cooperative Department for the secretaries' unwillingness to stay were: (a) small turnover, therefore low pay; (b) "the secretaries did not fit in well with people and this needs a local man from the area as secretary", (c) the society was split by a land dispute between its members; (d) there was little to occupy the secretary; (e) the chairman's father "pestered" the secretaries; (f) "the secretary is always lonely". The

store was situated away from any habitation, having been built as a compromise on land between the two villages from which the membership was drawn. It would not have been possible to resite it without offending one or the other of the villages. Apart from trying to increase production and so the secretary's wages (there were no coconut trees in the area, only vegetables), there was little that could be done. The society was just too small, and until a local candidate was found it would continue to have problems keeping its secretary.

12. Sallegoso - Size, situation and failure to attract secretaries.

Only one society, Sallegoso in the isolated Naviso village on Maewo island, has the distinction of being liquidated because of the lack of a secretary. In its short and unhappy history it never had much chance to prove successful. Started in mid 1969 with 36 members, after the first final account a shortage of \$180 cash and stock was recorded on a turnover of \$3800. The inspector's verdict was that the shortage "must be" the result of misappropriation by the secretary. The next year's trading resulted in an overall loss and shortages had grown to over \$400 on a turnover down to \$3300: "(the loss) is the secretary's fault but who can replace him?" The existing secretary was retained in the hope that he could be kept under control, but if further shortages appeared, and no local candidate presented himself, the society was to be closed down. An inspection nine months later showed another cash shortage of \$150. The members demanded the secretary's dismissal. This was done and the chairman took over the running of the store. At the end of the financial year, there was a net loss of over \$100 and shortages had more than doubled. The writing was on the wall, and at the end of 1972 the society was duly wound up. Two years later the Chief Cooperatives Officer received a letter from Naviso village asking him to set up another cooperative:

"We have failed once to keep the society going because of our secretary. He was extremely lazy and spoilt our society. The people are still longing to set up another cooperative society".

But no secretary was forthcoming and so the village remained without a

cooperative.

Comment on Case Studies.

One point brought out by these case histories is that a variety of secretary problems may arise over time within any one society. In the majority of cases cited there were at least two causes of difficulty. The symptom most commonly found is discord between committee and secretary. Behind this may lie disputes over women, as at Ure, Atchin and Matvun; problems over the giving of credit, as at Rano or Iakarapan; or perhaps the most blatant, quarrels as to who is in charge of the society, as at Navuh and Matvun. Personalities may clash too and this may be at the root of the Aneityum secretary troubles. The secretary's place of origin may not in itself lead to disagreement between the secretary and committee, but it does load the dice if other factors intervene, particularly women and credit. Of importance is the attitude of the committee to their society. If they show disinterest they are unlikely to give the secretary their full support. Much then depends on the secretary: a strong secretary may pull the society out of difficulties, as at Iakarapan, or a weak or indifferent secretary may let the society slide towards bankruptcy, as at Narvi. But the committee themselves are sometimes at the mercy of the secretary, Salegoso and Isangel are examples of this. Deliberate theft is comparatively infrequent, despite the publicity accorded it. More often the secretary may let his personal store credit become excessive and this degenerates into fraud. The Rano case of the secretary and chairman colluding to obtain goods without payment is atypical. In the final analysis, shortages may be due to the secretary's inability to cope with running a business. This was clearly so at Iakarapan and Salegoso. Lastly, an intractable problem is presented by the small, isolated cooperatives which find it impossible to attract secretaries of quality. The Salegoso society's liquidation is attributable to this, even though the members and committee were keen. The prospects of finding and keeping a competent secretary must be bleak for Maram Cooperative, inaccessible, as it is, with no copra production and with its 15 adult members split by a

land dispute. These small societies might be helped if the practice of paying secretaries a percentage of turnover was replaced by a universal salary scale, reflecting ability, responsibilities and, possibly, length of service. This would provide a career structure which does not currently exist. However there are clearly organisational difficulties in instituting such a system. On the other hand, the present method induces secretaries to build up the business and ensures that societies pay for their staff in line with their own resources.

Membership participation and control.

The regulations and by-laws ~~do~~ provide for a comprehensive system of democratic control. A majority of the membership present at the Annual General Meeting must elect the committee and make the major policy decisions. Yet the formal "one member - one vote" criterion is rarely followed. Rival candidacies for committee membership are rare as the committee size is usually large enough to accommodate all those who wish to serve on it. Any difficulties on this score can be ironed out by discussion and there is thus no need for a formal ballot. Membership participation at the General Meetings varies from cooperative to cooperative. At some societies meetings are genuine debating forums in the best Melanesian style. Speeches are made, criticisms voiced, questions put and decisions taken. At others, there is very little discussion and participation appears minimal.

At the 1976 Annual General Meeting of the small Vavata Society on Santo, most of the members and their families, including small children, turned up to listen to the explanation of the poor financial results. However, the only ones to speak other than the Cooperative Inspector were the Society's chairman and secretary. Only two questions were put to the Inspector, these both technical questions from the secretary. Re-election of the committee and chairman took place without dissent and a vote was unnecessary. The 1977 Annual General Meeting of the much larger Lenakel society on Tanna was a very different occasion. Only men attended, as is customary on Tanna, and

the debate was heated at times. The questions and speeches came from several quarters, although the prominent people of the cooperative were the most vociferous. Among them were three ex-chairmen who seized their chance to criticise the present incumbent. The main points of contention were the cooperative's unsatisfactory financial performance and the extent of store credit; the chairman was the major debtor in the society. Because of this, a selection of members were asked whether or not the committee should stay. Nevertheless, none wanted a change and no dissent was shown by the other members, except for a man at the back of the meeting who shouted out "change them". The committee was then reappointed without a formal vote.

The Ure members' views on democracy within their society were sought. They were simply asked if they thought that all members should have an equal voice in deciding the affairs of the cooperative. 75% (52) of those asked were against this, all but one commenting that matters should be left to the committee. Most of those who advocated participation by the whole membership gave no specific reason for holding this view but a few said that if the society's affairs were left to one man or the committee, it would lead to complaints. The large "no" response is not of course necessarily a reflection of the members' undemocratic attitudes if they are in favour of an equal opportunity to elect the committee. But it does show that they are prepared to leave things up to the committee.

Although formal western practices of democracy may not be adhered to, it would be wrong to regard New Hebrides cooperatives as undemocratic. Democracy is passive rather than active. Participation is not overt and decisions need not be affirmed by vote at every step of the way. The cooperative office holders and secretary may run the show, but this is not to say that the members have not the power to replace them if they so wish. In traditional Tannese society, a title may be inherited but the holder must confirm by his ability the authority that the title affords him. I therefore believe that democratic control, which Lambert (1963) regards as the cardinal cooperative

principle, does hold for New Hebrides primary cooperatives. Certainly, by comparison with UK retail cooperatives, New Hebrides cooperatives display a much greater membership involvement.

Apex organisations and democracy.

Both apex organisations are widely regarded in the islands as being either part of the government, in the case of SCAF, or an arm of the Vanuaaku Party, in the case of the Federation. They are in fact nominally controlled by their member societies; the Federation on a one member society, one vote system, SCAF on the basis of one vote per 100 primary society members or fraction of 100 members. This has not been disseminated among the membership with the result that alienation has occurred. The British-supervised societies' members feel that the Federation was not their idea. To them, it was devised and run by expatriates and an elite of educated New Hebrideans for their own motives and not to serve the membership's wishes. Therefore, the Federation's financial problems were no business of the societies as they had no say in the Federation and were not responsible for its losses. This attitude has persisted and in many places the Federation is looked upon as just another supplier, and not a particularly reliable or responsive one at that. The notion of democracy has broken down here. Unless control of the Federation goes "from below upwards" in Fauquet's words (1951:52), the support from the grass roots which it so critically needs will not be forthcoming.

Voluntary and open membership.

The principle of democratic control may not mean much if membership is limited. In turn, this has implications for the strength of support given to a society and thus its ultimate success. In the New Hebrides there is no legal obligation to join a society or stay in it after having joined. It is possible in some places that social pressures may compel people to join but there are few cooperatives which can claim a 100% membership of households in the community. Withdrawals from membership have occurred at most societies. Yet voluntary membership has been one of the strengths of the New Hebrides Movement. The problem was more to dissuade groups from forming ill-conceived

cooperatives than to find willing members.

Open membership has, though, presented some difficulties. At the outset, cooperative membership was restricted to New Hebrideans, partly a device to prevent their exploitation by Europeans, as in the Malnatco affair. This was later dropped and cooperative membership now includes a small number of people of other ethnic groups. More importantly, in many places membership is effectively restricted to household heads (so excluding women) and one's own faction, however defined (kin group, religious or political confrères etc.)

Female membership.

The ICA Commission in its 1966 report on cooperative principles considered that open membership should be the universal practice of consumers' cooperatives if only because everyone is a consumer. In the New Hebrides one of the reasons for the inclusion of women and children as members is to make up the numbers in small societies. The principal categories of female members are widows, women apart from their husbands for one reason or another, and unmarried women. Appendix 4 lists 42 societies at which details of female membership were gathered, but in only a very small proportion of these was it significant. Representation of women on committees is even lower, I have only been able to discover three societies which have women committee members. There is only one society with a female secretary.

At Ure the members (all but one male) were asked if they thought that every adult man and woman in the community should be a member of the cooperative. Over three quarters of the 70 members questioned said "no", just over half remarking that only men should be members as they had to provide for the family. Others felt that only one share per family should be permitted, and this held by the (male) head of household. A few thought that cooperative work was "too hard" for women. The attitude of the Ure members is fortified by the traditional ideology which presents the man as exercising power. Many of the store purchases are made by men and all the copra is sold to the cooperative by men, even if cut by women. So, to them, there does not seem much point in

women becoming members.

The Cooperatives Department has tried to promote individual membership of cooperatives, not so much on grounds of democracy and participation but to build up capital. They have had little success so far. Only those women who earn, and spend, income in their own right have presently much incentive to take out shares. This is mainly confined to the educated few such as nurses or teachers. For the others, there may seem little advantage in individual membership, as income is produced by and for the household as a whole and it is immaterial who holds the membership. This attitude is epitomised at Pele Cooperative where two dead men continue to be active members; their families use their numbers and have not bothered to transfer membership.

#### Factionalism.

Discrimination against another faction is contrary to cooperative principles and limits participation but in the New Hebrides factional differences are rife. It is one reason why there has been a proliferation of small cooperatives. In its most overt form, it has resulted in the refusal of one group to allow members of another to participate. The Daviei Cooperative on Malekula island refused to market the copra of the neighbouring community of Utas village. On the small island of Futuna in the south of the group, one village started a cooperative through which the other five villages eventually marketed their copra. Subsequently, these villages wanted to join the cooperative but the original members refused as they wanted to retain control of the society.

A more common manifestation of factionalism is the refusal of groups to unite within one cooperative society for fear of being dominated by rival groups or of losing prestige. While this does not in itself contravene the open membership principle, it undermines the fundamental ideal of cooperation that the cooperative is at the service of the community at large. Instances of refusals to cooperate appear throughout the Group. The causes of factional differences are ostensibly several. Firstly, there are disputes over land, as on Aneityum. Secondly, there are religious and educational differences.

French-supervised societies mainly serve the French-educated and Catholics. On the small Atchin island with a population of about 1200, its five cooperatives are patronised separately by Seventh Day Adventists, Presbyterians and Catholics. Thirdly, there are Local power struggles between kin and communal groups. This was evident to some extent at Ure cooperative On Tanna. At Amar, north Malekula, a classic case of inter-family rivalry occurred. The chairman was accused by the members of five other family groups of favouring his own kin, even to the extent of having his 14 year-old son as (untrained) secretary. The other groups broke away in 1977 to form a French-supervised cooperative and set up their own store a short distance away. Rivalry may exist even between close relatives; the chairman of Dillons Bay Cooperative on Erromango has as his implacable rival his mother's brother, who is the local private store owner. An illustration of inter-village rivalry happened at the southern end of Malekula. At the Maskelynes Cooperative in Pescarius village, there was friction with neighbouring communities. The Cooperatives Officer in 1966 reported that the Chief and the Church Elder of Pelong village (ten minutes distant) both objected to joining with Pescarius due to "various past histories and frictions". In 1970 Pescarius village fell out with the people of another neighbouring community, Avok. The Avok members withdrew their shares rather than become involved in a land development project which they felt would benefit Pescarius but not them. Fourthly, there is national politics. Factions of this kind are sometimes hard to disentangle from those related to local issues. Thus on Aneityum, where land problems have caused a deep rift, one faction supports the UCNH national political party, the other the Vanuaaku Party. At Tautu, Malekula, the Sepeno Cooperative resulted from political divisions within the original Tautu Cooperative which in turn were probably due to land claims on the local French-owned plantation. The first Sepeno chairman was the leading Vanuaaku Party man on Malekula and was very much anti-French. On the other side, the main figure was the Chief of Tautu village, a UCNH man,

who cooperated closely with the plantation and sent his children to the French school.

The extent of factionalism seems on the face of it a serious threat to the Cooperative Movement in the Group. Yet the New Hebrides historically has been among the most divided of the territories in the South Pacific region. Apart from cultural differences and a multiplicity of languages, the condominium form of government has given rise to three national administrations, three legal codes and two education systems. There is also a proliferation of missions and more keep coming; the latest are the Mormons. To this, one must now add some ten political parties, nationally or regionally based. Despite everything, cooperatives have progressed even though they may be relatively small and sometimes fragmented. Paradoxically, they have been a force for unity and one may often find within the same cooperative, members from different religious, educational and political backgrounds.

#### Distribution of the surplus.

Associated with democratic control is the practice of distributing the surplus according to patronage; to the Webbs, the most important distinguishing feature of cooperatives. (Bonner 1961:306). The patronage dividend was the key device to eliminate the profit motive and return a proportion of the surplus value to the consumer. It did not matter if profits were made as long as they were distributed again to the community whence they came. In the New Hebrides the dividend payment has been one of the major attractions of cooperatives, seemingly for reasons of material benefit, not ideological purity.

Early handouts on New Hebrides cooperatives stressed that service, not profits, counted. Yet the remarkable success of cooperatives in their early years in providing services also contributed to their making big profits and so big dividends. As the members became accustomed to large dividends, a "dividend wish" became imbued. Associated with the desire to achieve a high dividend payout was the practice of making high mark-ups on trade goods. This

the Cooperatives Department did not discourage. Big share-outs were a good advertisement for cooperatives.

The aim of securing high dividends therefore became a major objective of New Hebrides cooperatives. It provided a material incentive to the members, helped to secure their loyalty and was seen, erroneously, as a measure of the cooperative's performance. The strength of the "dividend wish" comes out repeatedly in reading tour reports. When the first specialist Chief Cooperatives Officer arrived, he was severely critical of his predecessors' policy. High dividends meant no reserves to expand and so the cooperative sector was held back. The senior New Hebridean Cooperatives Officer put it more dramatically; large pay-outs were "killing the mother pig" by depriving it of its life blood of working capital. The policy became to persuade societies to restrict dividends and place more into reserves for eventual expansion. The target dividend was lowered to 10%, later reduced to 5%. In 1975 dividend stamps were introduced in many cooperatives to replace the docket system. These provided for an automatic dividend of  $2\frac{1}{2}\%$  (5% in French cooperatives) on every \$20 spent. The members do not associate stamps with the dividend and still expect their "full" store dividend in due course.

The wheel has thus turned full circle, with the emphasis now being placed on service and building up reserves. However, it runs the risk of losing member loyalty if services are not significantly improved. To avoid this, the reserves must not only be used to bolster working capital. Tangible material evidence of cooperative development must be demonstrated. The legal requirements for capital expenditure are that it must be approved by the Cooperatives Department and the committee, subject to the sanction of the General Meeting of the members. The British Chief Cooperatives Officer also consults with the Federation although he has no legal obligation to do so. He is unlikely to approve anything which he considers is not economically viable, which rules out motor vehicles in most cases. Their acquisition lends prestige to a society, but vehicle operation is a loss-making proposition.

In 1976, 70% of those societies with trucks were said to operate them at a loss.

The Ure members' attitude to dividends puts the problem of distribution versus capital expenditure into perspective. The members were asked what the cooperative should do if it made a good surplus. Nearly half wanted a new store building. The next most popular items were to provide a water supply and purchase a truck. Only three members wanted the cooperative to pay bigger bonuses. None at all wanted the surplus to be used to reduce store prices or raise copra prices. The "dividend wish" would not then seem particularly strong at Ure, but this disguises the two fundamental roles that the dividend has come to play. Firstly, in the absence of any other clear yardstick, it has become the measure of the society's performance year-on-year. Secondly, to the members it is the principal way that a cooperative is distinguished from a private company. In reply to the question "How is a cooperative different from a private company?", the almost unanimous response of the Ure members was that a cooperative gives back money, a private company does not.

Concluding remarks on the structure and operation of cooperatives.

The structure and operation of New Hebrides cooperatives may be broken down into two levels and two aspects, firstly the national and local levels, secondly commercial organization and democratic control. As a commercial system, the apex bodies provide necessary marketing and distribution services for the local societies. However, control of the Federation and SCAF by its member societies has been largely absent.

Within the primary societies, control lies ultimately with the members but the management of the societies is vested in the committees and the secretaries. In order to retain the support of the membership, office holders at the very least must not appear to act to the detriment of the society. This may mean that the committee members play safe and do nothing, leaving the running of the society to the secretary. Generally, though, the more active the committee, the more successful the society. Of crucial importance is the

ability and enthusiasm of the secretary. A secretary who is inadequately trained, disinterested in his work or, for whatever reason, cannot get on with the committee may seriously weaken a cooperative. The preference of members for local men as secretaries is due to a belief that local men are likely to prove more compatible than outsiders.

The size of cooperatives need not hinder their viability. Smaller societies may well be relatively more valuable to their communities as they are often found in places where services are not readily available from private enterprise. There is no real gain to members from economies of scale through amalgamation, whereas there is a greater risk of internal dissension and diminished loyalty in the larger, less homogenous cooperatives.

Although the various components of cooperative structure may be isolated, the cooperative "system" has to be regarded as a whole. The interactions between national and local, between business performance and democracy have their effect. For example, if a membership feels that it has no say in the society, its loyalty will be lessened and business performance will decline. Conversely, if business results are bad, loyalty will suffer.

Finally, the cooperative structure is not a rigid framework into which the societies are compressed. It is constantly altering, the most significant change being the establishment of the apex bodies. But it is not only organisational changes that matter. In the long run it is members' attitudes that will shape the future course of the New Hebrides Movement. This takes us back to member involvement; without their participation the structure can have no firm foundation.

CHAPTER FOUR      CONSUMPTION, CREDIT AND SAVINGS

Patterns of cash goods consumption.

Trade goods have been in demand since the earliest days of contact with Europeans, providing the stimulus for sandalwood and, later, copra production. The basic trade model of copra for imported goods still forms the basis of the New Hebridean cash economy, although the quantities of copra traded are very much higher than before World War Two. The first articles used as trade goods were pieces of iron. In the 1860s demand had widened to include pipes, cabin biscuits, stick tobacco and beads. After the black-birding era, there emerged an incipient demand for rice and tinned foods, fostered by the returned Queensland labourers. The demand for alcohol started at the end of the 1870s (Harrisson 1937:306). By the turn of the century, it had developed into a profitable trade, <sup>although</sup> ~~despite~~ its sale to New Hebrideans <sup>was</sup> ~~being~~ illegal. Stick tobacco was widely used as currency in the islands before the Second World War.

The American occupation during the war served to stimulate demand for manufactured goods of all types (Hours 1976), while consumption of rice and tinned foods increased consistently. By 1968 rice and tinned meat and fish were respectively the largest and second largest single imports by value. Together they accounted for about 10% of total imports. The present demand for cash goods is well illustrated by the business that Ure Cooperative transacts. The Cooperative can, and does, supply a complete range of goods from trucks and boats down to aspirins and hair oil. The only items likely to be demanded that it cannot secure are alcoholic spirits and firearms, which require trading licences. Since 1970, Ure Cooperative has been licenced to sell beer and wine, the first cooperative on the island permitted to do so. In tables 7,8 and 11 a breakdown of cooperative stock purchases from 1968 to 1976 is given, which provides a very good indication of the consumption patterns of the people of the area. Distortions in demand are comparatively

few as the cooperative is reasonably serviced and is far enough away from the trader to be largely unaffected by his competition.

Demand at Ure Cooperative Society.

The principal group of goods purchased at Ure is foodstuffs, comprising on average about a third of all purchases by value. Foremost among these are rice, bread and tinned mackerel. Bread became available following the opening of Ure bakery in May, 1969, and was soon established as a regular item of diet, probably <sup>in place of</sup> ~~being substituted for rice to some degree~~. Both rice and bread are consumed on an almost daily basis in many households, even when local starch foods, yam and taro, are plentiful. Bread and rice together normally account for about 15% of total sales at Ure. In 1972, following hurricane damage to food crops, their share of sales rose to a record 27%. Tinned fish provides the major protein element of imported foodstuffs and is eaten at least once a week among most households. Fresh fish can be readily caught locally but is apparently not as popular as the tinned variety. Corned beef is also consumed but fresh meat is becoming increasingly popular. The convenience of tinned foods in both cooking and storage is an attraction. Small quantities of powdered and condensed milk are sold at Ure. Fresh liquid milk is not drunk at all, although there are plenty of cows about. The sale of infant powdered milk is very limited. Other important foodstuffs are sugar and salt, sugar being much more important in money value terms, although similar quantities are sold. Dry ("cabin") biscuits are still consumed in considerable quantities, despite the availability of bread. Another "essential" is cooking oil. There are also regular purchases of sweet biscuits, chewing gum, sweets and savoury "chips".

Soft drinks have always been consistent sellers but there is very little demand for beverages such as tea and instant coffee. Coffee bushes abound on Tanna, but coffee is not liked, <sup>instead people</sup> ~~the preferred~~ ~~hot~~ drink being an infusion of an orange leaf in <sup>hot</sup> water. Tobacco, another common local crop, is smoked widely. Cigarettes provide an acceptable alternative and Ure does a good trade in

these. Household requisites such as matches, bar soap and washing powder are staple items and kerosene is needed for lamps. Batteries for torches and radios are important purchases. There is a steady sale of cooking and eating utensils. Bedding, especially blankets, is another regular requirement. A variety of toilet goods ~~are~~<sup>is</sup> sold regularly but medical supplies are very basis. The main products are plasters and the aspirin-based compounds which have the reputations as panaceas for anything from meningitis to tennis elbow. There is a small trade in stationery materials, and a supply of toys is usually bought in for the Christmas trade.

An important category of expenditure is clothing, comprising between 10% to 20% of total annual sales at Ure. The principal items are men's and boys' shirts, shorts and underwear. Shirts and shorts are generally worn by the younger men while the others wear a length of calico wrapped round the body from the waist down, leaving the upper part of the body uncovered. However, many young men also choose to wear calico. There does not seem to be any status symbolism involved as to whether one opts for calico or shorts, and the same man may wear both over time. Sales of women's made-up clothing are very limited; underwear being the major item. The everyday wear of the Tannese woman is the traditional bulky grass skirt with the upper body covered by a length of cloth. Bolts of calico are also sometimes exchanged in traditional ceremonies.

Omitting beer and wine, which will be dealt with separately, the remainder of purchases from the Cooperative may be broadly regarded as investment goods or consumer durables with some element of investment. The expenditure on all of these rarely exceeds 15% of total expenditure. Such purchases may be grouped into four categories: transport fuel and equipment; building materials and tools; agricultural materials and tools; and hunting and fishing equipment. Benzene and motor oil are taken by the few Ure members who own trucks, motorcycles and boats, and by passing traffic. The local trucks are mainly used as taxis to ferry passengers and their goods to and from the Lenakel



services. The last bicycles were sold by Ure Cooperative in 1971.

Building materials, particularly roofing iron and nails, are regularly supplied but demand is variable. The heaviest recent year was in 1972, following severe hurricane damage, when nearly 10% of total expenditure was on building materials. Among building tools are included saws and saw blades but these are also used in garden clearance. Agricultural materials and tools, even in a year of strong demand, do not comprise more than 5% of total expenditure. The main tools are the ubiquitous bush knives, files to sharpen them, axes, rakes and yam spades. The materials most demanded are barbed wire for cattle enclosure, and copra wire used in the drying process. Bullock chains were extensively bought for the first time in 1976. Seed potatoes are becoming an increasingly important purchase; in 1976 640kg were sold for some \$280 in total.

Hunting and fishing may be regarded as recreations as much as productive activities, but nonetheless the importance of undomesticated sources of food should not be minimised. Two thirds of the Ure households had members who went fishing although many of these did not fish regularly. A third of the households went hunting for birds and flying foxes. The same number went foraging for wild yams and fruits in season. The demand for fishing equipment and cartridges accounted for anything up to 5% of total expenditure in the years to 1971 but has dropped relatively since then.

#### Demand at other primary societies.

The other cooperatives for which breakdowns of stock purchases were computed do not show a radically different pattern to Ure. The main differences are due to the availability of alternative sources of goods which means that consumers do not satisfy all their needs at the cooperatives. At Pele Cooperative, where access to Vila is much easier, purchases of consumer durables and tools are generally made in Vila. On Aneityum purchases of the less common-place items may be made direct from the trade ship. This cannot be done at Ure as the anchorage is several kilometres distant. The proportion of

foodstuffs at Pele is very similar to Ure, while for the two Aneityum Cooperatives which are not licenced to sell beer, foodstuffs are a correspondingly higher percentage of total stock purchases (from 40% to 50% of all purchases). At all four cooperatives, rice is the most consistently popular foodstuff varying from between 5% to 10% of all annual purchases. Sugar is a close runner-up at Pele and the Aneityum Cooperatives, the demand of all three being considerably higher than at Ure. Possibly this is because sugar cane is more commonly grown on Tanna. Tinned meat purchases on Aneityum comprise in most years about 5% to 8% of total purchases. It is consumed more than tinned fish, the reverse case to Ure, reflecting both the proximity of the Aneityumese to the coast and the excellent fishing that is available around their island. Bread consumption is much lower on Aneityum than at Ure due mainly to the difficulty in maintaining flour stocks on an infrequently-serviced outer island. The consumption of cabin biscuits is therefore higher. Pele Cooperative has no bakery. The only other significant difference between Ure and the non-Tannese cooperatives is that Ure's purchases of tobacco products are proportionately about a half that of the other cooperatives. Outside Tanna, cigarette and stick tobacco purchases account for anything from 6% to 13% of total purchases. The reason for the lower demand on Tanna is that tobacco is grown extensively on the island as a minor cash crop and the local product satisfies all demands for pipe tobacco.

#### Beer and wine.

Prior to 1970 the only legal outlets for liquor on Tanna were the European trade stores; the two at Lenakel in the West and one in East Tanna. In that year Ure received its beer and wine licence. Sales soon rose to some 12% of all consumer goods' sales in 1971, dropping a little in the depression of 1972, and then steadily rising to comprise almost a quarter of total store sales in 1976. The beer and wine trade was not merely the capture of business formerly held by the traders, it expanded in volume some three to four times between 1971 to 1976. Most of the beer is purchased by the young men, the

older men preferring kava. Beer is a relatively expensive purchase, 50 cents or 55 cents a can in 1976 (less if bought by the carton), and there is a marked tendency to buy on credit. Nearly 60% of all Ure personal store credit extended between the beginning of November and the end of December 1976 was for beer and wine (Appendix 10).

Ure beer and wine purchases were monitored by means of stock takes over a six week period to mid-December 1976. In the first fortnightly period, \$183 worth of beer was sold, over 40% on credit. Beer sales were 17% of total store sales. In the next two week period, beer sales were \$263 (about a fifth on credit) and were 27% of total sales. In the last period \$263 worth of beer and wine was sold, again a fifth on credit. Beer sales dropped to 13% of the total, but store turnover was double that of the previous fortnight due to the Christmas trade.

At Pele Cooperative beer was by a long way the principal purchase. From 1974 to 1976 beer purchases have never comprised less than 18% of the Cooperative's total stock purchases. Wine has ranged from between 5% to 9% of the total. In 1975 beer and wine together amounted to nearly 40% of all stock purchases. This was partly because of the illegal activities of the secretary, a "man blong beer" who freely dispensed much of the beer to himself and friends (for which, among other things, he ended up in prison). In 1977 beer sales were still at a high level. In the first six weeks of the year, beer and wine amounted to nearly 50% of total stock purchases.

On Tanna, Lenakel Cooperative was the second society to receive a beer and wine licence, obtaining it in 1974. From November 1974 to November 1975 beer and wine stock purchases at selling prices amounted to \$13,800, 28% of total stock purchases. In the following twelve months, stock purchases of beer and wine were about 20% of total purchases. At the national level beer comprised about 3% in 1975/6 of all Federation purchases. However only 45 of the 177 primary societies were licenced in 1975.

In December 1976 and January 1977 three other cooperatives on Tanna received licences. These were Kahut, Tanben and Isangel, all within 5 kilo-

metres of Lenakel. The poorly-run Whitesands Cooperative in East Tanna also applied for a licence but was refused. Within five weeks of obtaining its licence, Kahut Cooperative, with a membership of about 70, had sold over 2500 tins of beer and some 50 bottles of wine, valued at nearly \$1500. The slightly smaller Tanben cooperative did just as spectacularly. In its first six weeks of selling beer, 2850 tins of beer and 7 cartons of wine were sold. At Isangel beer and wine purchases accounted for about a quarter of total stock purchases after only two months of holding a licence. None of the French-supervised cooperatives on Tanna were licensed, as the French District Agent (the Joint Licensing Officer) was strictly opposed to what he regarded as assisting the spread of alcoholism. The British District Agent's attitude was that, if the Tannese did not buy beer from the cooperatives, they would buy it from the traders, so why allow the traders a monopoly? In other districts of the Group, French cooperatives hold licences.

Beer drinking as a social problem.

The moral and social aspects of the liquor trade have long exercised the minds of concerned parties. The Missions advocated prohibition but this would probably have proved unworkable. Although sales of spirits to New Hebrideans were illegal until very recently, they were still able to lay their hands on "grog" if need be. The Vietnamese were blamed for the illicit alcohol trade (Wilson 1966:75), but it is just as likely that unscrupulous Europeans were involved. Cooperatives were not encouraged to seek beer and wine licences. In many cases the prominent men of the district, particularly Church elders, actively opposed their cooperative's application for a licence. The award of a licence was no guarantee that it would not subsequently be taken away or suspended. In 1971 Pele failed to obtain renewal of its licence because of allegations of drunken behaviour, selling after hours and drinking in the store. It did not get the licence back until three years later. In the same year at the Maskelynes Cooperative, South Malekula, the British District Agent took its licence away after "wine, self-serviced during the night", had led

to drunkenness and stock shortages. In 1972, at Wviltaken Cooperative in North Efate, the Presbyterian Pastor sought to have the licence withdrawn because of unruly behaviour. He was unsuccessful but two years later the Presbyterian elders in the same district managed to prevent the neighbouring Paunangisu Cooperative from renewing its licence on similar grounds. In 1975 the Aoba Local Council successfully campaigned against the renewal of Siwoi and Lolovenue Cooperatives' licences. The main result of the loss of these licences was to give back the liquor trade to the local European trader.

Public nuisance is one problem. Others affecting the beer drinker and his family are (i) the possibility of the purchase of alcohol absorbing money that would otherwise have been spent on foodstuffs or similar "essential" purchases, (ii) the danger of it increasing individual indebtedness. Without a full scale enquiry, it cannot be said with much certainty that beer drinking habits are making inroads into basic cash goods requirements. My feeling is that they do not. Young men are the main consumers of beer and their low level of family commitments may well allow them to spend on beer without financial embarrassment. On the other hand, the high propensity to take beer on credit suggests that beer consumption would be lower if all purchases were made in cash. There is some evidence at Ure and elsewhere that beer credit is not repaid as readily as credit for other purposes but it is more likely that the cooperative, not the individual, will be harmed by this.

Attempts to curb the level of alcohol sales by taking away cooperatives' licences will achieve nothing if alternative sources of supply exist nearby. Even where there are no alternative sources, the result may be that, when the trade ship arrives, large purchases of beer are made while the opportunity arises. Yet the grant of a licence to a cooperative in a place where there has formerly been no licence may increase beer consumption because of the new ease of purchase. This may have happened at Tanben. This store, about an hours' walk from the European trade store, is just far enough away from its competitors to serve a different catchment area. However, it seems unfair that some communities should be arbitrarily denied goods for which they are able

to pay and which are available to others elsewhere. In 1975 the French Residency advocated that specialized, regularly-supplied and stringently supervised off-licences be set up throughout the Group. The intention was to educate the New Hebridean into more temperate drinking habits. The idea never got off the ground. An alternative proposal was that licensed cooperatives would be limited to selling beer up to a fixed proportion of total turnover. This was rejected as impractical due to the wide fluctuations in turnover that most cooperatives experience and because it would be discriminatory as the limitation would not be applied to European traders. It was also suggested that separate accounts of beer sales be kept to give an indication of the size of the problem. This too was never implemented.

Finally, beer clearly affects turnover & profitability. Provided that there is no substitution of beer for other cash goods, a beer licence can give a substantial impetus to turnover. But while turnover may be stimulated, the associated risk of high credit sales of beer may be damaging to profitability. At Ure in only one of the five financial periods between late 1970 (when it received its licence) and 1976 has the net store profit/store turnover ratio exceeded single figures (mean 8.6%). In the four preceding periods the ratio never fell below 10% (mean 14.75%). Vonogi Cooperative on Maewo, a society now liquidated but with "good prospects" when opened, started to fall apart within five months of being granted a beer licence. The share capital was allegedly withdrawn to buy beer, so leaving the society with insufficient funds to purchase copra (British Cooperatives Department Inspection Report 1971).

In conclusion, it may seem from the high levels of expenditure on beer and the comparatively low expenditure on investment goods and consumer durables that New Hebrideans are only interested in present consumption. This may be true to a point but it must be remembered that the beer drinkers are mainly young men. They are not in a position yet to compete for status and their money goes on recreation, of which getting drunk is an acceptable part. Attitudes to expenditure will be considered again when investment is looked at.

Table 7

Ure Cooperative Society: summary of stock purchases as percentages of total purchases 1968-1976.  
(The total selling prices in Australian dollars are given in parentheses)

Group of commodities	1968	1969	1970	1971	1972	1973	1974	1975	1976
Foodstuffs	33.8 (6205)	40.9 (5161)	38.3 (7204)	35.2 (6355)	46.4 (9606)	33.1 (7116)	33.8 (7287)	33.5 (6698)	28.4 (6717)
Beer and wine	nil (nil)	nil (nil)	1.0* (185)	12.3 (2216)	7.5 (1550)	14.7 (3169)	24.2 (5220)	16.4 (3285)	24.7 (5818)
Soft drinks and beverages	2.0 (370)	2.3 (290)	2.6 (497)	1.9 (337)	2.5 (508)	2.4 (518)	2.4 (527)	1.9 (372)	2.9 (688)
Cigarettes & smoking requis-ites	5.7 (1044)	3.5 (442)	2.9 (543)	1.1 (210)	2.8 (579)	3.0 (651)	3.8 (810)	4.5 (899)	5.6 (1325)
Clothing, accessories dressmaking materials & equipment, footwear	18.8 (3445)	21.6 (2724)	24.3 (4583)	18.4 (3315)	11.9 (579)	15.8 (3396)	12.8 (2768)	11.7 (2335)	11.2 (2637)
Household goods	17.2 (3157)	14.9 (1873)	14.8 (2790)	11.5 (2075)	9.0 (1859)	11.0 (2359)	12.2 (2624)	11.8 (2367)	12.0 (2825)
Building materials & tools, water tanks	5.6 (1024)	2.0 (254)	2.1 (397)	4.8 (867)	9.5 (1968)	4.7 (1013)	1.7 (377)	0.3 (55)	1.7 (400)
Hunting & fishing equipment	4.4 (805)	2.5 (310)	4.5 (842)	4.7 (842)	1.9 (403)	2.7 (578)	0.4 (88)	0.6 (118)	1.1 (262)
Agricultural materials and tools	5.4 (993)	3.8 (477)	3.5 (662)	3.4 (606)	4.4 (909)	2.8 (603)	1.9 (419)	5.2 (1047)	5.2 (1235)

Toilet goods	2.0 (373)	1.4 (181)	1.7 (312)	2.3 (408)	0.9 (191)	0.9 (198)	0.5 (109)	1.9 (385)	1.5 (357)
Medical supplies	0.2 (29)	0.2 (31)	0.5 (93)	0.2 (43)	0.4 (82)	0.6 (133)	0.2 (37)	0.2 (33)	0.4 (83)
Transport fuel and equipment	2.1 (396)	4.5 (564)	3.0 (561)	2.3 (409)	2.0 (423)	2.1 (457)	1.8 (380)	10.8 (2156)	4.8 (1135)
Toys, musical instruments, radios record players and records	2.2 (416)	1.5 (188)	0.4 (78)	1.6 (288)	0.3 (60)			0.7 (147)	0.2 (39)
Stationery	0.1 (13)	0.3 (34)	0.2 (45)	0.2 (35)	0.3 (56)	6.2 (1340)	4.3 (931)	0.5 (98)	0.3 (74)
Miscellaneous and unknown	0.5 (94)	0.6 (83)	0.2 (40)	0.1 (23)	0.2 (38)			nil (nil)	nil (nil)

Notes: \* Beer and wine sold since 23rd December, 1970.

Source: Ure Cooperative Society Stock Books.

Table 8

Ure Cooperative Society: principal stock purchases as percentages of total purchases 1968-1976  
(The total selling prices in Australian dollars are given in parentheses)

Rank	1968	1969	1970	1971	1972	1973	1974	1975	1976
1	Rice 14.9 (2733)	Rice 12.8 (1614)	Bread 13.9 (2616)	Bread 14.9 (2684)	Bread 16.6 (3423)	Beer 11.9 (2552)	Beer 22.4 (4824)	Beer 16.4 (3285)	Beer 18.4 (4345)
2	Men's Clothes 6.6 (1220)	Bread* 11.3 (1422)	Calico 11.1 (2096)	Beer 7.2 (1302)	Rice 10.8 (2229)	Bread 9.7 (2081)	Rice 7.9 (1703)	Boat 8.8 (1769)	Rice 7.2 (1708)
3	Calico 6.3 (1155)	Men's clothes 8.3 (1041)	Rice 7.1 (1328)	Calico 6.1 (1104)	Tinned fish 6.0 (1237)	Clothing 9.5 (2056)	Calico 7.0 (1511)	Rice 8.0 (1593)	Bread 6.8 (1607)
4	Cigar- ettes 5.6 (1034)	Tinned fish 5.4 (680)	Men's clothes 6.7 (1269)	Men's clothes 6.0 (1080)	Beer 5.5 (1130)	Rice 7.7 (1667)	Tinned fish 6.8 (1466)	Bread 7.3 (1469)	Wine 6.2 (1473)
5	Tinned fish 4.8 (884)	Calico 5.3 (672)	Tinned fish 4.3 (812)	Rice 5.6 (1018)	Calico 5.1 (1058)	Calico 5.8 (1250)	Clothing 5.6 (1209)	Tinned fish 4.5 (901)	Cigar- ettes 5.3 (1255)
6	Dry biscuit 3.7 (682)	Child's clothes 3.7 (466)	Cart- ridges 3.2 (600)	Wine 5.1 (914)	Roofing iron and ridging 5.1 (1046)	Tinned fish 3.6 (767)	Bread 4.9 (1060)	Cigar- ettes 4.3 (851)	Benzene 4.7 (1118)
7	Roof iron 3.3 (614)	Benzene 3.6 (449)	Cigar- ettes 2.7 (511)	Tinned fish 4.7 (852)	Sugar 3.2 (654)	Tinned meat 3.4 (722)	Cigar- ettes 3.7 (800)	Men's clothes 4.2 (842)	Calico 3.8 (897)

8	Tinned meat	3.1 (576)	Cigar- ettes	3.4 (423)	Blankets	2.6 (499)	Building material	4.6 (837)	Men's clothes	2.7 (561)	Building material	3.1 (668)	Blankets & towels	2.8 (606)	Calico	3.9 (770)	Tinned fish	3.4 (798)
9	Agric. tools	3.1 (564)	Sugar	2.6 (324)	Soft drinks	2.4 (443)	Cart- ridges	3.9 (699)	Agric. materials	2.7 (553)	Cigar- ettes	3.0 (644)	Dry biscuit	2.6 (560)	Barbed wire	3.0 (609)	Men's clothes	3.3 (768)
10	Blankets	2.7 (496)	Agric tools	2.6 (324)	Sugar	2.3 (426)	House- hold soap	2.5 (446)	Cigar- ettes	2.7 (550)	Wine	2.9 (617)	Sugar	2.5 (541)	Dry biscuit	2.8 (556)	Soft drinks	2.7 (644)

Notes: \* Bakery opened May, 1969.

Source: Ure Cooperative Society Stock Books.

Table 9

Nepek Cooperative Society: summary of stock purchases as percentages of total purchases 1970-1976  
 (The total selling prices in Australian dollars are given in parentheses)

Group of commodities	1970	1971	1972	1973	1974	1975	1976
Foodstuffs	42.1 (2356)	38.3 (2748)	51.8 (2251)	36.5 (2629)	53.3 (6344)	52.1 (7681)	39.1 (5591)
Soft drinks and Beverages	1.8 (100)	4.2 (303)	3.3 (142)	3.4 (245)	4.5 (529)	2.9 (426)	3.7 (526)
Cigarettes, Tobacco & Smoking requisites	10.9 (610)	8.6 (619)	11.0 (475)	7.4 (532)	7.4 (879)	10.5 (1544)	8.4 (1204)
Clothing accessories, dressmaking materials & equipment, footwear	16.2 (909)	13.6 (975)	5.8 (251)	17.9 (1287)	11.6 (1384)	8.6 (1272)	11.2 (1605)
Household goods	15.3 (855)	17.7 (1275)	16.7 (727)	17.8 (1278)	11.6 (1378)	14.1 (2086)	16.2 (2323)
Building materials and tools	0.7 (38)	3.7 (264)	0.2 (7)	3.6 (259)	1.7 (207)	0.1 (18)	3.6 (517)
Hunting and fishing equipment	1.1 (60)	2.2 (154)	1.4 (61)	1.2 (89)	0.6 (70)	0.4 (59)	1.4 (195)
Agricultural materials and tools	1.6 (91)	2.9 (211)	0.6 (29)	3.2 (232)	0.4 (48)	5.9 (869)	4.3 (609)
Toilet goods	1.6 (90)	2.2 (154)	1.2 (51)	2.0 (145)	2.6 (311)	2.0 (293)	1.3 (181)

Medical supplies	2.7 (151)	2.0 (143)	3.0 (130)	1.6 (112)	0.3 (40)	1.1 (162)	2.9 (417)
Toys, musical instruments, radios	2.2 (122)	0.5 (37)	0.1 (6)	0.4 (32)	0.2 (18)	0.6 (94)	0.5 (70)
Stationery	0.3 (20)	0.8 (59)	0.0 (nil)	0.8 (60)	0.6 (67)	0.8 (120)	1.4 (199)
Transport fuel and equipment	2.5 (142)	2.8 (203)	4.9 (212)	3.2 (232)	4.9 (580)	0.4 (56)	5.2 (745)
Miscellaneous and unknown	1.0 (56)	0.5 (37)	0.0 (nil)	1.0 (69)	0.3 (38)	0.5 (73)	0.8 (117)

Notes: Figures for 1970 from opening of society 23-4-70. Source was Nepek Stock Book.

In some cases during 1975 the selling price was not recorded in the stock book and an average mark-up on previous purchases has been taken.

Table 10

Nepek Cooperative Society: principal stock purchases as percentages of total purchases 1970-1976  
 (The total selling prices in Australian dollars are given in parentheses)

Rank	1970	1971	1972	1973	1974	1975	1976	
1	Men's clothes (422)	7.5 Cigarettes (422)	6.5 Rice (470)	8.7 Tinned Meat (376)	7.7 Sugar (551)	8.9 Sugar (1064)	11.1 Rice (1645)	7.4. (1064)
2	Cigarettes (369)	6.6 Rice (369)	6.3 Sugar (456)	8.2 Household soap and wash powder (356)	6.6 Tinned meat (474)	8.6 Rice (1027)	8.7 Tinned meat (1282)	6.2 (889)
3	Household soap and wash powder (301)	5.4 Household soap and wash powder (301)	5.2 Tinned meat (371)	7.2 Men's clothes (314)	5.9 Dry biscuit (427)	8.3 Cigarettes (993)	6.6 Cigarettes (973)	5.6 (798)
4	Tinned meat (288)	5.1 Tinned meat (288)	4.8 Household soap and wash powder (346)	6.6 Bread (288)	5.1 Rice (369)	7.6 Tinned meat (901)	6.1 Dry biscuit (895)	4.8 (682)
5	Dry biscuit (246)	4.4 Dry biscuit (246)	4.7 Stick tobacco (340)	6.0 Rice (259)	5.1 Powder and cond. milk (369)	6.5 Powder and cond. milk (771)	5.1 Benzene (750)	4.6 (653)
6	Stick tobacco (238)	4.3 Sweet biscuit (238)	4.3 Dry biscuit (313)	5.9 Calico (255)	4.9 Cigarettes (353)	5.8 Dry biscuit (692)	4.7 Household soap and wash powder (691)	4.1 (593)
7	Calico (233)	4.2 Bread (233)	3.7 Bread (268)	5.8 Sugar (252)	4.8 Benzene (348)	4.9 Household soap and wash powder (580)	4.0 Bread (594)	4.0 (568)

8	Sweet biscuit	3.9 Batt- eries (221)	3.6 Cigar- ettes (262)	5.0 Stick tobacco (216)	3.9 Calico (283)	4.8 Stick tobacco (567)	3.7 Sugar (552)	3.6 (510)
9	Rice	3.2 Building materials (177)	3.4 Benzene (242)	4.8 Dry biscuit (209)	3.8 Household soap and wash powder (277)	4.4 Tinned fish (521)	3.6 Men's clothing (532)	3.1 (439)
10	Bex powder (aspirin)	2.7 Childrens clothes (151)	3.4 Sweet biscuit (241)	4.4 Roofing iron and nails (193)	3.5 Men's clothes (254)	3.6 Agric. tools (425)	3.2 Building materials (480)	3.1 (436)

Source: Nepek Cooperative Society Stock Book.

Table 11

Ure Cooperative Society: Commodities taken into stock 1968-1976

Commodities	1968	1969	1970	1971	1972	1973	1974	1975	1976
Rice lbs	22008	13236	10902	8400	17136	11480	11800	6050	7821
Sugar lbs	1610	2837	4010	3412	3616	2071	2182	858	1166
Mackerel 15oz	1536	1296	1464	1368	2208	1416	1248	1584	912
in 7½oz	1968	1056	1488	1920	2692	960	1296	576	960
tins 5oz	200	400	200	200	NIL	500	1400	600	500
Sardine in tins	NIL	100	100	NIL	NIL	NIL	NIL	NIL	600
Bread approx. no. loaves	NIL	13500	26000	27000	35000	21000	11000	16000	16000
Corned beef etc in tins. Various sizes	1104	696	492	360	672	912	383	192	454
Dry biscuits lbs	1300	476	726	460	620	900	unknown	540	1120
Salt lbs	2872	1200	2360	2744	2920	2592	1200	2000	1012
Beer Tins/bots	NIL	NIL	192	3732	3480	7448	12840	8752	9720
Wine bots	NIL	NIL	216	1344	600	648	258	NIL	526
Cigarettes p.20s	3640	1330	1620	500	1500	1940	2000	2100	2150
Bushknives	42	108	96	36	70	74	unknown	74	26
Kerosene gals	488	488	624	484	440	880	528	396	444

Source: Ure Cooperative Society Stock Books.

"Forced" literature.

This episode illustrates the detrimental effects that may result from outside interference in cooperative business. After conducting "extensive research" in the central districts of the Group (about which I can find no details), an expatriate Cooperatives Officer ordered several thousand copies of books to be retailed through cooperative stores. The books were mainly religious works in pidgin, together with a children's story book, a recipe book and "the Story of Cooperation", all in English. Their appeal to New Hebrideans was limited, the books were overpriced and the Missions had long organised their own distribution of religious literature. Nevertheless, this "well-researched" project was put into being. The Federation supplied the literature and cooperatives throughout the Group were compelled to take a certain number of copies of each work. Even the two industrial societies were allocated a share. Inevitably there were complaints. The Inspector in charge of the Southern District protested that the cooperatives themselves had not placed the orders and that the books would not sell. The response from the expatriate in charge of the project was to rebuke him for insubordination, informing him that "there is no reason why these books should not sell". Two years later, Ure Cooperative had sold or given away less than a quarter of its allocation, and Narvi Cooperative had succeeded in selling just eight of the ninety religious books that it had been sent. At Whitesands Cooperative, in January 1977, of the forty copies of "Gud Nyus bilong Jesus Christ" originally received in 1974, 37 copies remained on the shelves. The literature campaign was an unmitigated disaster. In December 1975 the General Manager of the Federation wrote to the Chief Cooperatives Officer, pleading that 2,500 "virtually unsaleable" books, costing \$1000, be taken off their hands. The whole incident did its bit to damage relations between the Cooperatives Department, the Federation and the primary societies.

Seasonal Demand.

Fluctuations in demand occur at different intensities during the year.

Table 12 illustrates this.

Table 12 Seasonal indexes of consumer expenditure.

Month	<u>Cooperatives and years from which index computed.</u>				
	Kahut 1970-76	Lenakel 1966-76	Ure 1966-72	Nepek 1970-76	South East Aneityum 1970-76
January	68	80	100	98	103
February	80	88	85	73	83
March	101	86	80	91	100
April	88	87	85	102	94
May	100	102	88	83	97
June	82	100	95	80	88
July	110	90	106	99	97
August	115	99	122	107	94
September	100	109	115	100	123
October	98	99	95	93	85
November	96	95	80	114	113
December	162	165	149	160	123

Christmas and New Year is the peak trading period at all the cooperatives. In the first few months of the year trade is generally slacker than at other times. There is a tendency for business to pick up around August and September (periods of custom ceremonial) and to decline again before the Christmas peak is reached. At the two Aneityum Cooperatives, because of servicing difficulties, people bought further ahead for Christmas than on Tanna.

Seasonal fluctuations on the production side do not noticeably affect demand for trade goods. Conversely, although copra production is not seasonal, copra output is usually highest in December. This supports the premise that production is a function of consumer demand. The yam harvest on Tanna occurs from March/April to August but store expenditure on imported food substitutes outside this period is little increased. Taro, not rice, is the main alternative to yam. Taro can be grown throughout the year and, together with sweet potato and manioc, fills the gap when yam is not available. The main seasonal cash crop, potatoes, is harvested from about June/July to January and may thus contribute to a higher level of spending in the second half of the year.

Sources of trade goods.

When British-supervised cooperatives were initially established, the main source of trade goods was the commercial house of Burns Philp at Vila. Some stock was also bought from Chinese merchants in Vila and Santo. For Ure Cooperative, these sources of supply were further supplemented by purchases from the two European-owned trade stores in its area, R.U. Paul (whose own principal source was Burns Philp) and the Tanna branch of the French commercial house, Comptoirs Français des Nouvelles Hébrides (CFNH). The proportions of stock taken from the various sources fluctuated up to 1973 but Burns Philp generally had the lion's share, reaching 85% in 1972. The Chinese merchants' share rapidly declined from 54% in 1968 to nothing in 1972. It recovered subsequently but is now well under 10%. R.U. Paul's share reached a high point of 20% in 1973, but since then he has only supplied a few hundred dollars worth of goods annually. CFNH has never contributed much over 5% of total purchases, the principal commodity purchased from them being benzene.

In 1974 the Federation was able to begin large scale servicing and the bulk store at Lenakel was opened. Within a year it had completely supplanted Burns Philp as the major supplier. The commercial house no longer bothered to send its trade ship to the southern islands. Something was retrieved in 1976 when their 250 ton ship was chartered for the year on a "wet bottom" basis by the Federation for \$350 a day. Moreover, the Federation in 1975/76 purchased upwards of a third of its trade goods requirements from Burns Philp, the balance mainly being imported directly from overseas.

Ure's purchases from local people on Tanna are small. In 1975 an attempt was made to market fresh meat and over \$400 worth was sold. But it proved more convenient for the cattle owners to sell direct to the customers. Local produce (kava, pineapple etc.) is frequently sold in the store but the Cooperative does not take a cut. The secretary will collect the cash on behalf of the seller and hand it to him at the end of the day. The only other sources of supply for Ure Cooperative are its neighbouring cooperative

societies. It will occasionally take goods from them if the bulk store is out of stock.

Nepek and South East Aneityum Cooperatives were also heavily dependent upon Burns Philp's trade ship. Here too the advent of the Federation eliminated Burns Philp after 1974. Trader R.U. Paul did a reasonable business on Aneityum between 1972 and 1974 but, with the disappearance of his ship at sea in 1975, he was no longer able to service the island and lost practically all of his trade except for the little he could airfreight down. South East Aneityum Cooperative was a steady customer of CFNH during its first two years of operation, the Cooperative's leadership being French-oriented and choosing to buy from French sources. But little business was done with CFNH from 1972 onwards, coinciding with the time that the Society's first chairman, strongly pro-French, left the island. The Aneityum cooperatives did not buy in any quantity from the Chinese; South East Aneityum bought not at all from them. In any case, problems of servicing this remote island do not make the Chinese particularly interested in supplying. Another limited source of supply on Aneityum was George Logan, a New Hebridean (Pentecost) businessman resident there. He was the original financial backer of South East Aneityum Cooperative (and is still a member). Both cooperatives took small quantities from him until he ceased business in 1974. The Australian manager of the timber mill also kept a stock of goods for sale to his labour force. Occasionally, he provided the Cooperatives with basic items of which they were short. He left the island in 1975. Less frequently, one society would purchase goods from the other cooperative but they were usually both short of the same goods at any one time so transactions between them were few and far between.

Pele Cooperative, unlike the Southern District cooperatives, continued to be serviced by Burns Philp after 1974. Its proximity to Vila allowed this and it still takes 10%-15% of its needs from Burns Philp, most of the remainder coming from the Federation. Little business is done with the Chinese as access to Vila is readily available to individual Pele islanders and they are able to purchase direct from the Chinese stores there.

Table 13 Ure Cooperative Society: sources of stock purchases as percentages of total purchases 1968-1976  
(Total purchases in Australian dollars are given in parentheses)

Sources	1968	1969	1970	1971	1972	1973	1974	1975	1976
Burns Philp	33.8 (4605)	58.0 (5119)	79.5 (10272)	77.0 (10133)	85.5 (13146)	56.8 (7803)	6.3 (1142)	0.0 (nil)	0.0 (nil)
Trader R.U. Paul	10.9 (1492)	7.4 (655)	4.2 (547)	15.7 (2063)	8.9 (1375)	20.1 (2762)	4.1 (731)	4.8 (693)	0.9 (182)
Comptoirs Francais des Nouvelles Hebrides	1.4 (187)	5.7 (506)	5.5 (711)	3.3 (440)	5.2 (796)	4.6 (634)	1.6 (280)	3.4 (488)	0.0 (nil)
Chinese merchants*	53.9 (7337)	28.2 (2487)	10.5 (1350)	4.0 (525)	0.0 (nil)	18.2 (2507)	10.8 (1937)	7.2 (1041)	6.5 (1354)
Cooperative Federation	0.0 (nil)	0.0 (nil)	0.0 (nil)	0.0 (nil)	0.0 (nil)	0.0 (nil)	77.1 (13892)	80.6 (11714)	92.6 (19168)
Other cooperatives	0.0 (nil)	0.0 (nil)	0.0 (nil)	0.0 (nil)	0.05 (7)	0.0 (nil)	0.1 (24)	0.9 (134)	0.0 (nil)
Local purchases+	0.0 (nil)	0.6 (55)	0.2 (31)	0.0 (nil)	0.3 (44)	0.2 (33)	0.0 (nil)	3.2 (469)	0.0 (nil)

*Breakdown of total is:*

Notes: \* Fung Kwan Chee \$11193, Lolam \$3530, Fung Ping Nam \$6, Chung Po \$3809.  
+ Fresh Meat and fish (\$469), seed potatoes and Aniwa oranges.

Source: Ure Cooperative Society stock book.

Table 14

Nepek Cooperative Society: sources of stock purchases as percentages of total purchases 1970-1976  
(Total purchases in Australian dollars are given in parentheses)

Sources	1970	1971	1972	1973	1974	1975	1976
Burns Philp	70.7 (2671)	82.2 (4452)	71.8 (2191)	77.0 (4101)	22.2 (1647)	0.0 (nil)	0.0 (nil)
Trader R.U. Paul	2.5 (93)	0.7 (40)	16.2 (493)	17.9 (956)	12.1 (894)	0.0 (nil)	1.1 (132)
Comptoirs Francais des Nouvelles Hebrides	21.5 (814)	17.1 (924)	5.8 (178)	0.0 (nil)	3.0 (226)	0.0 (nil)	0.0 (nil)
Chinese merchants*	5.3 (199)	0.0 (nil)	0.0 (nil)	1.9 (101)	0.0 (nil)	7.3 (901)	11.7 (1429)
Cooperative Federation	0.0 (nil)	0.0 (nil)	0.0 (nil)	0.0 (nil)	62.5 (4635)	92.1 (11391)	87.2 (10610)
Other cooperatives	0.0 (nil)	0.0 (nil)	0.4 (12)	1.6 (84)	0.0 (nil)	0.0 (nil)	0.0 (nil)
George Logan New Hebridean Businessman	0.0 (nil)	0.0 (nil)	5.8 (176)	0.8 (42)	0.1 (9)	0.0 (nil)	0.0 (nil)
Other <sup>+</sup>	0.0 (nil)	0.0 (nil)	0.0 (nil)	0.8 (44)	0.0 (nil)	0.6 (79)	0.0 (nil)

Notes: \* Fung Kwan Chee except \$63 from Fung Ping Nam 1970.

<sup>+</sup> Timber mill manager, Maison Barrau & local produce.

Source: Nepek Cooperative society stock book.

Price setting strategies and variability of mark-up.

No pricing policy <sup>has effectively guided</sup> ~~in~~ the British-supervised primary societies, at least until the establishment of the Federation, ~~has been notable by its absence.~~ The official pricing strategy, as with the no credit maxim, followed the Rochdale line i.e. full market prices should be charged. A rule of thumb to establish the fair market price was to allow a gross 25% mark-up on cost but, in practice, this was rarely adhered to. The range of profit margins was extremely wide, goods being marked up by several hundred per cent or being sold below cost. If any rule could be said to apply, it was perhaps a cross-between trying to keep prices stable and charging what the market would bear. The latter would be selected in order to pay-out big dividends; the larger the mark-up, the larger the surplus was expected to be. This would be on the assumption that members wish to receive a dividend on purchases in preference to having store prices reduced. Provided that demand was price inelastic, then a higher price would indeed be likely to produce a higher gross surplus. On the other hand, if the secretary sets a higher price, he may run the risk of upsetting the members. He may then seek to hold the price steady, an almost impossible task in a climate of rising inflation. It is possibly this dilemma which leads to confusion. [A pricing strategy for consumer cooperatives of trading-off the members' desire for greater surpluses against their wish for lower store prices has in fact been advocated by Enke (1945).]

An examination of the mark-ups at four cooperatives reveals the haphazard nature of pricing. In table 15 the average gross mark-up for various years is given. This conceals the variability of individual mark-ups, both as between types of goods and on the same variety of goods. Appendix 7 shows the mark-ups on all Ure stock purchases during 1976. For previous years, the extent of the variation is even greater. For instance, in 1975 standard 15oz tins of fish were variously priced at 13.5%, 16% and 53% on cost. The cooperatives studied all exhibit a similar inconsistency in marking-up cost

Table 15

Average mark-up on all stock purchases.

<u>Year</u>	<u>Ure %</u>	<u>Nepek %</u>	<u>South East %</u>	<u>Aneityum</u>	<u>Pele %</u>
1968	34.8	-	-		*
1969	43.0	-	*		*
1970	45.9	14.8	*		*
1971	37.0	32.6	*		*
1972	34.6	42.3	14.7		*
1973	56.7	35.1	19.9		*
1974	19.8	60.5	34.5		28.2
1975	37.5	19.3	15.9		24.0
1976+	14.0	17.5	13.0		15.6

+ Price control legislation affected mark-ups

\* Mark-ups not ascertained for these years

prices. Nepek is even more variable than Ure. In 1971 talcum powder was sold variously at 20% and 33% above cost and 50% below cost. That year various other goods, including staples like kerosene and matches, were sold below cost. At the same time paint was sold at more than three times its cost.

Invoicing at selling price.

One way to overcome the problem is for the suppliers to invoice the cooperative at selling prices less a discount. French-supervised cooperatives have for long been invoiced by SCAF using this system. All the secretary then has to do is to price his stock as shown on the invoices, so eliminating all doubt as to which price to charge. The system appears to work well enough, although it does take some autonomy away from the primary society. In October, 1975, the Federation adopted invoicing at selling prices. The immediate result was that confusion reigned among secretaries. Some, including the Pele and Lenakel Cooperative secretaries, took the invoiced price as being the cost price and then proceeded to mark this up to give, in effect, a double mark-up. At Nepek the secretary deducted the discount from his selling price and sold at cost. Others continued to sell at their old price levels, irrespective of the invoiced price. Given time, the system would probably have worked out and imposed some order on pricing. However, after a few months, because of

technical reasons connected with price control legislation, the Federation abandoned invoicing at selling price and reverted to the old method. All things considered, the variability in mark-up need not be a serious problem as long as it does not affect the viability of the cooperative and the customers are happy. After all, the cooperative form of enterprise is designed to return the surplus to the community, should prices in excess of costs be charged.

### Credit facilities

#### Store credit.

An important element of consumer behaviour in retail cooperatives is the propensity to take goods on credit. Cash trading is no longer regarded by the International Cooperative Alliance as a cooperative principle (1967:27-29) but the giving of store credit has retained its opprobrium in South Pacific cooperative and small business circles:

"The most insidious rock on which native companies and individual traders have foundered is perhaps the demand of customers to be given credit, even in territories where government regulations specifically prohibit the granting of credit by storekeepers to indigenes" (South Pacific Commission 1962:3)

For the New Hebrides, Wilson has commented that:

"If one were to select a single cause of the high mortality rate of native companies and of village shops generally, it would be the giving of credit" (1966:87).

Yet credit as inevitably leading to the breakdown of private businesses has been overstated. Many private stores in the New Hebrides were able to survive for long periods (see pages 21-5). Where credit was blamed for failure it was likely to be a symptom of a lack of business knowhow.

By-law No. 28 of all British-supervised rural cooperatives states that "the society shall not sell goods on credit to any of its members". This prohibition is not incorporated in the by-laws of French-supervised societies, but their policy is similar. Despite official disapproval, credit is widespread but it is difficult, if not impossible, to quantify its extent. As it is illegal, secretaries do not record it in their official books of account. The

Cooperative Department's policy is to dissuade them from so doing lest it be construed as giving the seal of approval. Credit transactions are therefore written down on a scrap of paper or in school exercise books. The records of the British Cooperative Department do show shortages discovered at inspections. These may be due to credit and cash advances but other causes include negligence, errors in bookwork, rats eating the stock, theft etc. In 1972 shortages amounted to 10% of the British-supervised Cooperatives' total turnover. In 1976 they were reckoned to be about 8%.

Credit has been a particular problem for the urban and peri-urban societies. The principal reason for the closure of Vila and Layng Urban consumers societies was excessive credit and it was also an important contributory factor in the liquidation of Elangtaf peri-urban cooperative. In the islands non-repayment of credit by schoolteachers, medical auxiliaries ("dressers"), policemen and other government employees occurs at many cooperatives. Cooperative secretaries, too, are prone to allow themselves credit. However, credit in island stores has rarely been the prime cause of cooperative insolvency. None of the five British-supervised rural societies that ceased operations did so because of it. Although most island cooperatives give credit, the volume is generally not large and the repayments record by members is reasonable.

The reasons for credit being extended may be listed as follows:-

(1) to meet the needs of outsiders who move into the area to render some service e.g. teachers, medical "dressers". These people rarely have local rights in gardens and have to buy much of their food in the cooperative store. As they are usually paid one month in arrears they may be dependent upon credit to last them through to pay day. Much the same problem confronts urban workers, hence the heavy demand for credit in the towns. From the cooperative's point of view, their position as regular salary earners is taken as evidence of ability to repay. But the amount of credit that these outsiders run up means that a large part of their salary is likely to be consumed by debt

repayment, taking them back to square one where they are compelled to demand credit again. The larger the debt outstanding, the less ready and able they are to clear it and so the debt mounts. This is exacerbated by the frequent re-postings and touring that government officers are subject to. They tend to leave a trail of unpaid debts in the wake of their travels. One dresser in the Southern District has unpaid accounts at six cooperatives on four different islands. At the societies in the south where I was able to obtain information on credit to government officers, they accounted for some 25% of the total debt. At 15 societies in the central and northern districts where figures were available, the proportion was 28%.

(2) Social pressures; kin ties.

If the secretary is related to the demander of credit, it may be hard for him to refuse.<sup>1</sup> Requests from local dignitaries (chiefs, church elders, government assessors etc) may also put the secretary in a difficult position. However if the secretary is a local man and has the backing of his committee, he may well be in a stronger position to stop credit than a secretary who comes from elsewhere. Without the backing of the committee, any secretary will be put in an untenable situation. The outsider secretary may be reluctant to refuse credit, as to do so may incur the hostility of the community in which he now lives. A good example of this was at Marotuaki Cooperative on Efate Island. In 1975 the secretary, a Malekula man, was removed from the society for succumbing to members' demands for credit and the temptation to help himself. His replacement, a Tannese, came under the same pressures to give credit. In October 1976 he wrote to the Chief Cooperatives Officer:

"I find it hard to stop the credit to all members. They always asking for credit and cash so I am afraid to do so. Even all committee asking for credit."

When I visited the store in February 1977, the secretary told me that he was

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1. A variation is that the secretary may be approached to lend his own money which he then makes up by taking stock from the shelves without payment.

still receiving demands which he gave into, as he felt isolated. He wished nothing better than to transfer to another society.

(3) The secretary himself may also take goods on credit in lieu of wages to come.

Again this is the more pressing if he is an outsider with no local gardens. Of the nine Tanna cooperatives where information on secretary credit was available, \$845 out of the \$4272 outstanding credit, i.e. about 20%, was to present or former secretaries. For cooperatives in the other districts, the percentage was lower, at 11%.

(4) The secretary and the committee may abuse the opportunity to obtain credit that their status gives them.

As long as the transaction is recorded somewhere, this is not theft; but it is all too easy to stray across the borderline. At the ten Southern District cooperatives where details were obtained, cooperative office holders accounted for 31% of total credit outstanding. Out of the 44 rural societies at Appendix 5, representing nearly one quarter of all British-supervised cooperatives, the secretaries of six were convicted of peculation of one form or another.

(5) In times of individual and general hardship, credit and cash advances may be given as a form of social welfare. In the 1972 copra price depression, the British Cooperatives Department Annual Report for that year (page 5) noted "a general incidence of cash and stock shortages, indicating illicit credit". The Secretary of Kasali Cooperative, Tanna, maintained that if he refused credit for food, children might go hungry. Moreover, it was against the teachings of the Bible to refuse a man food (Bastin pers. comm.)

(6) To compete with other stores which offer credit.

If there were no cooperative credit facilities, it is feared that customers will go elsewhere. This was the case at the two urban cooperatives. When credit was stopped, both cooperatives lost many customers, particularly to the Chinese Stores. At Isangel Cooperative Society on Tanna, the secretary maintains that he has to give credit to his customers, mainly government

employees, will desert him for the local trader's store, where credit is given.

Allowing credit is therefore governed by the recognition of need, the opportunity given by office holding, social pressures, the ability to repay and by commercial competition. The demanders of credit may be motivated by need; by claims that it is "their" cooperative and they have a right to the goods in it; or simply by the wish to obtain something for nothing.

#### Credit and traditional exchange.

In New Hebrides traditional life, notions of borrowing and lending were integral. To obtain a woman or achieve status in grade-taking ceremonies, pigs were needed. If a man lacked the necessary pigs, he could borrow them.

"Pigs are very freely lent and borrowed.... If a man borrow a pig, he must at some later date return to the man who made him the loan, not a beast equal in value to that which was borrowed, but one equal in these respects to the condition which the latter would have attained during the interval between loan and repayment... To make no return gift for a presentor act of service is to fail signally in ones' social obligations" (Deacon 1934:196-199).

Harrisson also noted this system and added:

"no man would default in repayment. Because if he did, no one would ever lend him pigs or other things again, he would be barred from expansion and honour". (1937:26).

So a pig borrowed had to be returned in due course, and with interest.<sup>2</sup>

Clearly, within the traditional gift exchange system, borrowing was very significant. It enabled borrowers to acquire pigs with which to purchase rank, while the lenders gained prestige <sup>and political support</sup> by the act of giving and did not have to rear the pigs themselves.

Lending and borrowing took place in the context of what Sahlins has called "Balanced Reciprocity" (1974:194-195), equivalent returns are made within a finite period. There were no institutions comparable to the Fijian Kerekere or Gilbertese Bubul, i.e. the giving of personal property to kinsmen who request it. Nevertheless, in the New Hebrides there is an obligation to

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2. Baric reports a similar repayment mechanism on Rossel Island (Baric 1964:35-52).

support close kin thought to be in need. Kinship obligations have been particularly blamed for the collapse of indigenous enterprises in the South Pacific (McSwain 1970:40, Kidston 1971, Janssen 1969). Among the members of Ure Cooperative Society on Tanna, gifts are made on such occasions as births, marriages and, most importantly, for reasons of prestige through customary exchange. Traditional borrowing or delayed payment (=credit) do occur but not on the scale noted by Deacon for Malekula. Of 70 members interviewed, 17 said that they owed to other individuals a total of 22 pigs, 8 heads of kava and 2 bullocks. One man owed \$20 in cash to a man from another island. At least half of the pigs were due in respect of circumcision payments and bride price. Ure creditors were owed four pigs, one bullock, ten Kava and also \$20 in cash.

On Tanna the most important gift giving is the competitive exchange which takes place during the nekowiar cycle (see page 182). In the northern New Hebrides, grade-taking ceremonies perform this function (Bonnemaison 1972, Deacon 1934, Lane 1956, Layard 1942, Guiart 1951 and 1952a). These exchanges are not only between individuals as such but between individuals representing their lineages or wider community. On Tanna the nekowiar exchange is between both clan groups and individuals. On Pentecost the elevation of an individual in a grade society reflects not only his own prestige, but that of his kin and clan mates (Lane 1956). This intermixture of individual and community has obvious relevance to cooperative performance. Thus, borrowing from a cooperative, in so far as it represents the community, may impose customary obligations of reciprocity between the individual debtor, his kin and the rest of the membership through the vehicle of the cooperative. This being so, and if one accepts the Maussian arguments that a gift "necessarily implies the notion of credit" and there is an obligation to repay (Mauss 1954:35 and 41), then one would expect store credit to be repaid. My findings suggest that in the close-knit rural cooperative societies, efforts to repay are made and the giving of credit does not necessarily or even generally lead to an

accumulation of bad debts. This is not the case in peri-urban and urban areas where social obligation is much looser. Nor is it so for outsiders who owe little allegiance to the community in which they are currently living. The repayment record for these groups is bad. To explain their attitude, one has to examine credit as a modern phenomenon, evolving within the cash economy.

Store credit as a modern phenomenon.

Store credit in the New Hebrides has its origins in the giving of credit in plantation stores to labourers as an advance on wages. It also served as a means to keep labour for the duration of the contract. The workers were not free to go until they settled their store debts, which could not be done until their wages were paid. Outside the plantations, island traders offered credit on trade goods as a means to induce deliveries of copra in settlement (Wilson 1966:78). More recently, the New Hebridean "middle class" of government employees has been able to emulate the European customers of the large commercial houses by making their consumer purchases on monthly account. Chinese stores in Santo and Vila are ready to give credit to reliable customers. Thus kaon (=account) has become synonymous with retail trading and private New Hebridean traders followed suit. But transactions between New Hebrideans and Europeans had taken place outside the social context in which traditional obligations might operate. In particular, social pressures impelling repayment were largely absent. The debt was redeemed only in order to obtain more credit or for freedom of future action. The feeling that a trader had been less than fair may have re-inforced the intention not to repay (Wilson 1966:79). As McSwain puts it, "selling to Europeans provided none of the social-reciprocal trappings" (1970:42).

These attitudes were carried over to cooperatives, particularly in those areas where social ties were weak. As long as the debtor felt himself free of customary norms of reciprocity then there was little to compel repayment. It is not, as Kidston argued in the case of Western Samoan cooperatives (Kidston 1971), an assertion of rights to the communally-owned stock. It is

rather the reverse - a lack of identity with the community. The traditional communal sanctions are absent and the debtor may not feel that he owes anything to the welfare of the community from which he is borrowing. In those cooperatives where communal identity is strong, the forces impelling repayment may also be weakened if the community as a whole sets the cooperative apart from the traditional exchange context.

In conclusion, the reasons for not intending to repay are: (1) a failure to identify with the community (e.g. government officers), (2) the absence of community ties so that there is nothing with which to identify (e.g. peri-urban and urban cooperatives,) and (3) the divorce of the cooperative from personal and communal obligation. It then does not represent the group but becomes something impersonal to which no commitment need be owed. Its stock is regarded as goods already paid for through share contribution or even as belonging to an outside institution to be exploited. Thus the Cooperatives Inspector commented shortly before the demise of Elangntaf peri-urban cooperative that the "Cooperative to them is ours in this Department". This attitude was also extended to the Federation and there was little hesitation in accepting credit from it and less attempt to repay. By mid 1975 member societies' debts were \$575,000 or 50% of the previous twelve months turnover. Other examples of the membership regarding their shareholding as a licence to dispose freely of the cooperative stock were at Ahamb and Tautu on Malekula. At Ahamb, the secretary wrote to the Cooperatives Department in 1975 that he could not stop the members taking credit as they said that "cooperative belong to them and money too belong to them". In the minutes of a Tautu committee meeting in July 1976, it was recorded that "some members always forcing the secretary to give them what they want ... so when we stop them, they cannot obey us because they think that the coop store belongs to them". This behaviour occurs in only a small minority of cooperatives in the New Hebrides, but they attract the most publicity.

#### Credit in urban and peri-urban cooperatives.

The first peri-urban cooperatives were set up in 1969 to serve the large

outlying villages clustered around Vila. These initially did very well and, partly because of their success, plans were made to open urban consumer societies. Within three years, both Vila and Santo had urban cooperatives. These were successful at the start but this did not last. By the mid 1970s excessive credit had brought all but one of the urban and peri-urban societies to their knees. The following case histories illustrate the decline.

(1) Vila Urban Consumers Cooperative. The society was opened in April 1971. The membership was predominantly government employees and wages workers from the commercial sector. At the end of 14 months business, credit outstanding was \$1370, taken by 77 of the 124 members. Only three of these unpaid accounts were outstanding longer than one month. At the beginning of August 1972 credit outstanding was about \$3000. New net credit in the previous two months was high but manageable at about 16% of turnover. But during August, new net credit amounted to \$6200 (67% of turnover). Cash sales for the month were only \$2965 and total credit outstanding was \$6460. Thereafter the position deteriorated so that by April 1973 unpaid debts were \$14,726, owed by 233 of the 260 members. Over a third of this was outstanding more than a month. Nevertheless the Society had made a net profit of nearly \$11000 (10% of turnover) and was considered "very successful" by the Cooperatives Department.

The Cooperatives Inspector who carried out the final account warned that there was no control over credit and many members were unable to repay their debts. It was suggested that credit trading be stopped or, failing this, that a credit limit and a minimum repayment amount be fixed. One problem was that members did not have to sign for goods received, which led to the practice of several people obtaining credit on one person's share. It did not help that no proper record of the debts was kept. The recommendations to tighten up credit sales were not acted upon but the committee did try to make some improvements; members were in theory no longer allowed to incur debts higher than their monthly wages and they were urged to make regular repayments. This had a short-lived effect and debts fell to \$11,000 by the end

of June 1973. But by mid-September, uncleared credit was up to \$15,000. The Cooperatives Inspector commented "it appears that credit allowed to members is one of the means of promoting sales, though a few members do not seem to buy wisely".

The final accounts for the year showed a good profit on paper but the auditors expressed their concern about the extent of outstanding credit. They recommended that provision of \$15,000 be made for doubtful debts and noted that "in many cases debtors with large outstanding balances were still purchasing goods on credit". Unpaid debts amounted to a massive \$42,000, of which over 70% were outstanding for one month or more and 40% for six months and over. Two members alone owed \$14,800. Yet no action was taken. The society's membership expanded by leaps and bounds as everyone jumped on the bandwagon. From a membership of 350 at the end of 1973, it rose to 986 by the following year. Turnover increased in the same period by \$105,000 (up 46%). Debts reached a peak of \$70,000 in December 1974, and the crisis point was reached.

Legal proceedings were taken against the largest debtor, a businessman from a peripheral village, who owed \$9000 in respect of building materials. Judgement was given against him, ordering repayment of \$5000 within one month and the balance by instalments. Only one repayment of \$60 was ever made, although the man had substantial assets including his own store and a bus. It was discovered that under civil law there was no way of enforcing the court's decision. 1975 saw the beginning of the terminal phase of the society. Membership remained static during the year, credit was stopped and turnover fell to below 1973 levels. In May 1975 members' debts were estimated at some \$60,000. The auditors remarks on the final account were revealing:

"we were unable to form an opinion as to the accuracy of the figure for member debtors due to the inadequacy of control over the accounting system for credit sales. Furthermore we were unable to form an opinion as to the collectability of these debts as we understand that many debtors are no longer using the Society's store and collection of their debts may prove difficult".

The situation was beyond redemption. In October 1975 the Chief Cooperatives

Officer wrote to the Society's committee that the members had deserted the cooperative and it was losing money "at an alarming rate". Liquidation or management by the Cooperative Federation were suggested but neither taken up. The Society staggered on into 1976. The final accounts for the next year showed a net loss of \$18,145, with outstanding credit very nearly the same as before. The Society could not meet its own debts and its main creditor, the Federation, pressed for liquidation. In the event the Cooperatives Department was reluctant to admit failure by closing the store. The committee did not wish to close it down because "people would laugh at the members" (Minutes of Special General Meeting 24-5-76). The inevitable could not be staved off and, on New Year's Eve 1976, the Vila Urban Consumers Society closed its doors for the last time. At closure over 5500 debtors owed a total of \$56,000. Only two members owed in excess of \$500, but these two accounted for 22% of the total debt.

(2) Layng Consumers Society at Santo town (Luganville) was started in August 1972. At the first inspection in October 1972, there were 126 members and credit outstanding was just \$45. Turnover for the first month and a half of operation was \$5022. The store was doing "a very good business". Credit outstanding continued at a low level. In April 1973, debts were only about \$100. This state of affairs did not persist and by the time of the first final account in September 1973, member debtors owed \$1138. Even so, this was less than 2% of the sales turnover since the society opened. A net profit of \$5300 was recorded.

In the following year credit sales took off. At the end of the financial year, outstanding credit was \$14,750 among a membership now numbering 282. The Cooperatives Inspector reported that credits were out of hand and the secretary was doing little to persuade debtors to pay up. But he also commented that it would be "totally unwise" to stop credit as, since credit had been allowed, monthly turnover had increased nearly threefold. If Layng ceased giving credit, the Chinese stores would be more than willing to fill

the gap. (British Cooperatives Department Inspection Report 30-9-74).

Nothing was done and at the end of the following twelve months, credit outstanding was nearly \$20,000. The profits for the year were down a little on 1973/74. According to the Chief Cooperatives Officer, the gross profit of the society was "whittled away" by the high wages bill and bad debts. As a result, the committee agreed to stop credit immediately and to try to recover that outstanding. Without the lure of credit, customers stopped patronizing the store. Cash sales dwindled and, denied of working capital, the store could not be restocked properly. Layng went the same way as Vila Consumers and in December 1976 it too closed down. At closure, outstanding accounts amounted to \$13,800.

(3) Pango peri-urban cooperative society.

The peri-urban cooperative at the large village of Pango, five kilometres south of Vila town, was started in March 1969. Its turnover averaged around \$20,000 a year in its first four years of operation. Credit was not allowed before May, 1973. The chairman was the prime mover for credit trading as he wished to emulate the apparent success of Vila Urban Consumers Society. The Chief Cooperatives Officer approved the idea. The immediate effect was to increase turnover substantially. Outstanding accounts by October 1973 were \$834 of which 20% were outstanding for over one month. By mid 1974, debts passed the \$2500 mark. Twelve months later, they had reached \$4150 (10% of store sales for the year.) But turnover for the year had increased by 123%. At the beginning of 1976 outstanding credit amounted to \$3700. Two thirds of this was for building materials. Only \$930 was repaid over the next twelve months, but in the meantime nearly double this sum in new credit had been given. The total debt was \$4570 with the largest single debt being \$630. The chairman owed \$113. There was little prospect of any significant repayments being made. The cooperative was not on the point of imminent collapse but its future was not bright.

(4) At Marotuaki peri-urban cooperative at Mele village, eight kilometres north

east of Vila, credit has weakened the society to the point of extinction. The village is the largest in the New Hebrides and has developed around the Presbyterian Mission, its original population being drawn from a wide area of west and central Efate. Marotuaki Cooperative was also started in 1969 and sales were averaging about \$25,000 per annum up to 1974. In this year, credit became rife. Sales increased to \$46,500 (140% of the 1973 turnover). In 1975 turnover was maintained at a high level, but in August outstanding credit and cash advances were revealed to be \$3300. The secretary was also found to have stolen money and was dismissed.

The new secretary could do little to improve the situation. The members were pressuring him for more credit and cash, let alone trying to pay off existing debts. Without cash the cooperative could not restock and trade dwindled. Members deserted the store to patronise a new French-supervised cooperative set up in the village (this too apparently allows credit). At the time of my visit to the cooperative in February 1977, members still owed over \$3000; 54 of the 67 members had unsettled accounts. Threequarters of the debts had been outstanding for over a year. The largest single debt for credit was \$231, dating back over eighteen months. In addition, Marotuaki owed the Federation \$28,000 which it was incapable of repaying. In effect, the Mele people had used their society as a means to exploit the Federation. Indeed the only reason that the cooperative had not been wound up was that, the cooperatives' assets being nil, the Federation would gain nothing by it.

(5) The example of Marotuaki contrasts with that of Hurxaty Cooperative Society of Maat village, about one kilometre distant. Although Hurxaty could not be termed a dynamic cooperative, it has avoided credit problems. It opened two days after Marotuaki. The two cooperatives were about the same size (around 55 members at opening and with an annual turnover in 1973 of \$20,000+). But credit was not resorted to at Hurxaty. On my visit to the cooperative in February 1977, no debts were outstanding and the store was said not to give credit.

The Maat people are a community of Ambrym islanders relocated on Efate as a result of a volcanic eruption on their home island (Tonkinson 1968).

They function very much as a distinct and socially isolated community:

"The nature of interaction between South East Ambrymese and members of other ethnic groups ... has been characterized by limited, highly context specific contact, involving fairly concisely and narrowly defined roles of behaviour". (Tonkinson 1973)

The Maat villagers adhere strongly to the language and customs of south east Ambrym, even though they left their home island over a decade previously. It is therefore likely that traditional social norms operate at Maat whereas this behaviour is absent in the more diffuse community of Mele. If the Maat community decided that credit is not allowable in their cooperative, there is every reason to believe that credit would not be demanded. On the other hand, if credit were given, one would expect that this community possessed the social sanctions to enforce repayment.

(6) Another peri-urban cooperative which opened in 1969 was Elangntaf Cooperative Society at Erakor village. The village is on the other side of a lagoon to Pango and is about three kilometres from Vila by water or ten kilometres by road. Started in late July, 1969 with 55 members, by the time of the first inspection five months later, stock shortages of \$750 and cash shortages of \$260 were reported. The shortages were put down to unrecorded credit sales. The pressure on the secretary to give credit led to his transfer but his replacement was subjected to the same demands. He too left. By April 1970 the stock shortage had risen to \$1600 and cash to \$320. "The change of three secretaries and selling goods on credit and finally too many hands in the store all account for this big shortage" (British Cooperatives Department Inspection Report 13-4-70). The first financial account showed that the cooperative had produced a net profit of about \$1200 on a turnover of over \$18000.

During 1971 illicit credit continued with total shortages running between \$400 to \$1400. During 1972 the losses reached unsupportable levels. In March the stock shortage was \$1360, cash was \$690 short and credit outstanding was

§485. The Cooperatives Inspector commented:

"An alarming overall shortage of over \$2000 ... we cannot pinpoint whose fault or fraudulent act it is. But I personally feel that circumstances in this village could well make anyone of them to be mischievous. In other words they don't appreciate team work. Cooperative to them is ours in this Department".

The establishment of a French-supervised cooperative in the village did not help matters and some members deserted the store. At the May 1972 inspection, stock shortages exceeded \$1500 and cash was \$540 short. The decision was taken to liquidate and this was done in September 1972. At closure, cash and stock shortages totalled \$1400 and unpaid credit was just under \$200.

(7) In 1973 Lakatau Cooperative was opened at Eratap village, some five kilometres east of Erakor. There are similarities between the two villages although Eratap is more isolated than Erakor and is a more self-contained community. Its peri-urban status is also questionable as many of the inhabitants take wage work in the local plantations or cut copra, rather than work in Vila. Their attitude to credit and their cooperative is very different to the Erakor people. In their first full year of operation, they returned a net surplus of \$5380, 50% greater than all the Elangtaf surpluses put together. In 1975 the surplus was \$4478 but on a turnover reduced by half due to the fall in copra prices. These very satisfactory results are partly due to the strict attitude taken towards credit. In February 1977 none of the membership of 60 had debts with the society and the cooperative was providing a good service.

Final remarks on peri-urban and urban cooperatives.

Perhaps the performance of peri-urban and urban cooperatives might have been improved if the Cooperatives Department had followed the Fijian practice of making a 100% provision for bad debts on all unpaid credit when the final accounts are drawn up. This would have drastically reduced or wiped out the misleading "book" surpluses that the cooperatives produced, provided that the Cooperative Inspectors <sup>fully</sup> accounted for credit and not simply <sup>offset</sup> included it <sup>against</sup> with shortages. Shortages are at present considered as store expenses and deducted from the gross surplus. Another suggestion is that officers be employed by

the Cooperative Department or the Federation full time on collection of doubtful debts. The annual level of leakages generally exceeds \$100,000 and for the 48 non-urban societies listed in Appendix 6, the total outstanding credit is about \$40,000. That debts can be recovered, particularly from those most intransigent culprits, government officers, was demonstrated at Lakatoro Consumers Society on Malekula. In January 1976 credit outstanding totalled \$3534. 60% of the membership, most of them government officers, had debts. Credit was stopped in mid January and the British District Agent set about recovering the outstanding balances. This he did, save all but \$400, by the simple expedient of taking the money off the workers at the time that they received their pay. One government carpenter did succeed in escaping the net; he had the misfortune to die before pay day. <sup>- or your failure -</sup> The District Agent's action restored confidence in the society. This, together with the vital addition of a capable new secretary and a strong committee, transformed within the space of a year, Lakatoro Consumers from being moribund and weighed down by credit, into the largest and most enterprising cooperative in the Group.

Whether a more rigorous attitude to credit would have saved the urban societies is debatable. The first Chief Cooperatives Officer, stated his view shortly before he left

"I have always been against urban consumer cooperatives and have regarded the Cooperative Movement here as predominantly rural. I have always doubted, and continue to doubt, whether either the proposed Vila or the proposed Santo cooperatives will be able to compete successfully against the Chinese who make judicious use of the provision of credit" (British Cooperatives Department Papers 1969).

The members of the urban societies have not subscribed to the ideology of cooperation; nor were there the social ties that serve as substitutes for cooperative ideology in rural societies. In urban areas, it was the form of cooperation, not the substance, that was erected and at the present time it would appear that the New Hebrides Cooperative Movement must remain essentially rural.

Credit flows at rural societies.

(i) Ure Cooperative Society

Credit at Ure Cooperative Society, Tanna, was analysed in some depth over a two month period. In order to determine the amount of goods distributed and the accuracy of the secretary's records, a series of stock takes were done <sup>by me</sup> at fortnightly intervals. Against the selling prices of these goods were offset the daily cash sales and store expenses at Ure's main and branch stores, as entered in the society's official accounts. The balance in theory should have equalled the net credit extended during the period. Member and non-member debts, apart from the secretary's own, were entered in a school exercise book. The total debts in this book did not tally with the theoretical debt in either of the periods covered by the first three stock takes, being short by about \$90 in each period.

There were a number of possible reasons for this. There was certainly wastage on flour used in the bakery, and benzene was difficult to check without a proper dipstick. Matches and chewing gum were dispensed indiscriminately as small change. Nails and fishhooks were measured by the handful when sold, not weighed or counted out individually. Also the secretary's assistant, a young boy, tended at busy times to overlook making a note of cash sales. This would have shown up as a cash surplus but, for reasons of diplomacy, I did not check the cash. Store expenses were probably understated - only \$6.86 for the four weeks when the monthly budget allowed for \$69.40, excluding wages, licences and depreciation. There may have been a few sales at wholesale prices, but wholesale records had been discontinued. Lastly, the secretary had not been paid his wages for some weeks and had therefore taken credit amounting to, he said, \$20. As his wages were estimated at \$81 a month, this might have been a conservative figure.

Breakdown of credit by recipient.

All these reservations considered, the credit details recorded by the secretary appeared to be reasonably accurate. The results are given in Appendix 10. There is generally a tendency for more credit to be demanded

towards the end of the month and more repayments made at the beginning. This is because government workers, who receive the largest proportion of credit, are paid monthly in arrears. Over the whole period under consideration, personal credit sales totalled \$412 or 5% of total sales. The large volume of credit to non-members is notable. 15 members (20% of the membership) and 36 non-members received credit. Of the latter, 22 were related to members through kin or affinal ties. Six of the remainder were north Tanna men. The road to the north of the island passes by the Cooperative and there are traditional links between the two areas. The north Tannese also sell sandalwood at Ure for which they have no outlet in their own area. Most of the other non-members were probably drawn to Ure because it held a liquor licence - six of them took beer on credit. The others had benzine and brake fluid and were most likely passing trade. Although Ure does sell on credit to more non-members than most societies, there are few societies who would refuse credit simply on the grounds that a man was not a member.

Repayments over the period were equal to 48% of all personal credit extended during this time. Members repaid 39% of the credit that they had received as a group, related non-members 64% and others 33%. Repayments over the longer term have been good at Ure. At mid November 1976, only five accounts, amounting to \$85, were outstanding for longer than one year. This included \$30 to the secretary of another cooperative who was currently imprisoned. All five accounts were to unrelated non-members. Of the total current debt of \$531, government employees owed 44%. Of these, seven schoolteachers had a combined debt of \$127, nearly one quarter of the total. Some 23% of the outstanding credit was identified as being for beer and wine - the majority of this to teachers - but the true proportion is probably much higher as I was only able to obtain details on about 40% of the total debt. The largest single debt was \$77 by a member who was head of a vegetable growing company and thus had more than the average commitments to meet (for example, he took \$20 worth of seed potatoes on credit). The second highest debt was \$58 by a teacher at a French school, himself a non-member, though a classificat-  
ory

brother of the secretary. Overall, member credit outstanding was \$140 (26% - 8 accounts), related non-members owed \$155 (29% - 14 accounts) and others \$236 (45% - 24 accounts). As it is very likely that the smallest proportion of credit was extended to those people having no ties with the Ure membership, then this group has the worst repayment record. This would support the argument that the lack of identity with the community is a principal cause of failure to repay.

Breakdown of credit by commodity.

The commodities on which credit was advanced are revealing. I have already mentioned the high percentage of beer and wine. Of the debt outstanding in November 1976, the second highest category - a long way short of beer - was \$37 for a variety of agricultural equipment and tools. For the two month period when much fuller information was obtained (see Appendix 10) no credit was advanced for agricultural purposes. However, beer and wine accounted for nearly 60% (\$242) of total personal credit. Next was foodstuffs with about 9%, rice being the major item (\$20). One committee member was allowed \$28 credit for roofing iron. Cigarettes were commonly bought on credit (\$28 worth). Cash advances amounted to \$15.

The feature of Ure credit is clearly the volume given for beer and wine. It is not unique in this respect and many of the cooperatives with liquor licences sell a large proportion of beer and wine on credit, with all the attendant dangers that this brings. At Atu Cooperative on Emau island, 32% (\$80) of the total credit balance in March 1977 was for beer and wine. At Wviltaken, north Efate, of the total credit sales of \$145 (to 7 members) during the month of February, 1977, 4 members had taken beer and wine to the value of \$81. The notoriety of beer and wine credit as potential bad debts compelled the well-run Isangel Consumers Cooperative on Tanna to prohibit credit on alcohol sales from the time its liquor licence was granted. This was even though Isangel relies on credit sales more than any other cooperative in the Group to maintain turnover. One reason why beer credit is apparently not so readily repaid may be because it is taken by the younger men against

whom it is increasingly difficult to apply traditional sanctions in a climate of changing social norms. *Delant*

Attitudes to credit.

Attitudes to credit were sought from the Ure members. Of the 70 members questioned, only five admitted to buying on credit, one of whom had his account with another cooperative (a French-supervised peri-urban in Vila). Three who denied buying on credit did in fact have accounts outstanding at the time of enquiry. Of the 66 members who said that they did not have an account at Ure, only five said that they would like to buy on account. Two subsequently did so within six weeks; but so too did an additional six of those who said that they did not want credit.

The reasons put forward for wanting to buy on account were: salary paid in arrears (1 reply, from a policeman); possession of a wage job (2 replies); inadequate cash funds (1 reply); in return for paying share (1 reply). The main reasons against credit were: "business will fall down" and similar remarks (27 replies), and "against the by-laws" (17). Nine members would only allow credit if the customer had wage work. Although the responses may not reflect actual behaviour in all cases, it does seem nonetheless that a substantial majority of the membership was against credit. But the members may have been influenced by a Cooperatives Department education meeting held at Ure a couple of weeks before my survey. The Department lays stress in the meetings on the evils of credit and its illegality, which may account for so many asserting that credit should not be given because it was contrary to the by-laws. Very few people gave reasons why credit was to the detriment of the individual himself (i.e. it gets one into debt). It was also apparent that there was a feeling among a sizeable section of the membership that it would be all right to have credit provided the recipient had an assured cash income. This ties in with the practice of giving credit to government employees because of their supposed ability to repay. None of the members mentioned kinship or office holding as giving a claim upon credit. Nor was there much support for the views that payment of share capital gives a right

to credit or that non-members should be barred. In view of the open-ended manner in which the questions were put, it does not seem that the membership felt strongly on these last points.

(ii) Credit sales at Aneityum cooperatives.

For a comparison with cooperatives which have no liquor licenses, credit details were obtained from records held by the secretaries at the two Aneityum Cooperatives.

Aneityum is ill-served by shipping and, from mid 1976 onwards when the local timber mill effectively ceased operations, the islanders had no source of income other than copra and some shell. They therefore might have been expected to have some demand for credit. Over the period June to August 1976 at South East Aneityum Cooperative there were \$260 credit sales and cash advances (see Appendix 11). This is 14% of turnover over the period compared with Ure's 5%. 17 members (38% of the membership) and 17 non-members were allowed credit. 11 of the non-members had kinship or affinal links with members. The others all belonged to the rival Nepek Cooperative. Cooperative office holders and their families received between them nearly 40% of the total credit advanced during the period, a considerably higher proportion than the case at Ure and Nepek. This reflects the domination of the Society by one chiefly family. Of the nine committee members, three are close kin and another three are related to this family by marriage.

Repayments as a whole were good at South East Aneityum. At the beginning of 1977 the total debt outstanding was only \$91 (\$30 to members, \$55 to related non-members, \$6 to others). The neighbouring Nepek Cooperative Society was in a very much worse position, due mainly to two outsiders. At the end of December 1976 Nepek's outstanding credit was \$469, (members \$286, related non-members \$3, South East Aneityum members \$41, others \$139). The largest debt was \$239 by the Seventh Day Adventist pastor from Tanna. As the pastor's income is solely derived from handouts from his congregation, it is unlikely that this debt will ever be cleared; it is more likely to increase. The second largest debt was \$128, run up by a woman schoolteacher from Futuna

island. She had since left Aneityum without repaying it. Thus over 78% of the credit outstanding was to non-Aneityumese and there was little prospect of repayment. The Nepek committee owed \$36 (8%)

The commodities on which credit was advanced over the period studied at South East Aneityum are also given at Appendix 11. The principal goods were cigarettes and stick tobacco \$46 (18%), clothing \$34 (13%), garden tools \$33 (12½%), foodstuffs \$33, and copra wire \$25 (10%). Cash advances amounted to a sizeable \$53 (20%) to four members. The most popular single items for credit in terms of the number of people to whom they were given were stick tobacco (17 persons) and cigarettes (14 persons).

It is difficult to make a valid comparison between Ure and South East Aneityum over commodities taken on credit - the time scales of the periods under study vary and are not long enough - but there are some similarities. If Ure's beer sales are excluded, foodstuffs and tobacco products are the most popular items demanded at both cooperatives. However, the most <sup>striking</sup> significant aspect is certainly the extent to which beer and wine is sold on credit at Ure.

#### Agricultural credit.

The main cash crop, coconuts, does not require much capital investment; therefore there is not much demand for credit to assist production. Replanting, such as there is, is by using mature nuts from the existing stock of trees. The only equipment needed is copra wire, bush knives and needles to sew up the bags. The bags themselves are provided by the Cooperative or trader out of their expenses. A very few "progressive" producers may use aluminium banding or poison against rats; most Tannese are loath to use poison because of its connotations with sorcery. Since the demise of the good copra scheme, the demand for copra driers has dwindled to nothing. No fertiliser is used. Thus, all in all, copra production requires little financial capital. It is a little different with cocoa and coffee; they both need driers and for coffee a hulling machine. But the capital outlay is not great and members can acquire the equipment collectively through their society. On Tanna,

vegetables are grown as cash crops. For the subsistence crops, yams, taro, etc, the only tools required are crowbars, spades, bushknives and axes for land clearing. "European" vegetables are tended using the same tools. Seeds are provided at subsidized prices by the Agricultural Department through the cooperatives. The individual producer may take them on store credit if he has not the cash available. For both copra and vegetables on Tanna, the cooperative will meet the cost of cartage to the cooperative copra dock or the SCAF vegetable warehouse. Thereafter all charges are the responsibility of the Federation or SCAF. The vegetables are bought at firm prices by SCAF but for copra the Federation eventually deducts these charges from the gross consignment return; it effectively finances the marketing in the interim. Private traders operate in the same manner. In sum, for cash crops the main demand for credit is to purchase the few agricultural implements required.

There is, though, one area where a clear need for credit facilities exists: cattle rearing. Whereas pigs are penned by stone walls or timber fencing, or in some places permitted to roam free, cattle need wire to keep them secure in large paddocks. Moreover, the prospective cattle producer has to obtain his stock from somewhere in the absence of his own breeding stock. Both the quantities of wire needed and the cattle themselves are costly. Up to 1975, there was only one institution from which the necessary finance could be obtained: the Agricultural and Industrial Loans Board. Commercial banks have not been interested in lending to New Hebrideans: their eyes were on tax haven activities, and in any case New Hebrideans could not offer security so the Loans Board has been the only organisation to which the producer could apply for agricultural credit. Between 1965 and 1975, it loaned FNH 59 million (about A \$600,000). 85% of the loans were for the development of agriculture, in particular, animal husbandry. The recipients were both European and New Hebridean. The Board ceased lending money in 1976 as repayments on outstanding loans were not being satisfactorily made.

It is difficult to obtain full information on the Board's activities as it is now defunct, but the Agricultural Department's Annual Reports provide some

details. By 1971 in the Central District No.2, the total number of loans granted was 91, all to New Hebrideans. They were used for the following purposes: cattle enterprises (fencing, pasture, stock) 80, cocoa driers 3, copra driers 6, pig pen 1, truck purchase 1. Loans were in the range \$200 - \$2000. Over a third of the recipients had some special status in society: 15 were chiefs, 11 were government assessors and others included an Advisory Council Member, schoolteachers, Local Council Presidents, cooperative secretaries and Church pastors or elders. In Central District No 1, loans of \$23,640 were approved by the Board for agricultural development. Again the majority of loans were for cattle development. In the Northern District, 15 loans were applied for in 1971, all but two being for cattle rearing purposes.

By 1974, effectively the last year in which the scheme operated, loan applications in the North had stepped up to 43 a year. Cattle projects continued to dominate: 39 loans were for cattle and fencing, 2 were for agricultural machinery and 2 were for cocoa and copra driers. In Central District No 1, 11 loans were approved, amounting to FNH 1,380,000 (about \$14,000), most for cattle and fencing. In the Southern District ten loans were made for buying fencing materials and stock, and one was for the purchase of an outboard motor. The total value of these loans was FNH 370,000 (\$3,700). In addition ten loans for coffee hullers were processed. In Central District No 2 in 1974, 81 loans were granted. 57 were for cattle and fencing, 6 for poultry enterprises, 7 for pigs and 6 for cocoa and copra driers. The remainder were for motor transport of one kind or another. Eight applications, all for speed-boats or motor vehicles, were refused. Most loans were between \$200 to \$1000. The Central District No 2 Agricultural Officer noted that the number of applications would have been larger but for the minimum limit of \$200. He also commented that the system was working well, despite problems in persuading cattle owners to prepare proper pasture. The loan scheme was "fulfilling its purpose in that it encourages New Hebridean land owners to

use their ground profitably" (Condominium Agricultural Department Report 1974:62). However, he observed that there were difficulties in collecting repayments on time as there was no person specifically responsible for the job and borrowers were not fully aware of their obligations to repay. It was suggested that a full time debt collector be appointed. None was, and a very useful scheme died. It seems that government departments are loath to employ people solely on debt collection as there is a feeling that this work is of no real value, the staff should be doing something more "constructive". Nevertheless, as with cooperatives' consumer credit, not only is the debt collector likely to pay for himself in money terms, he will make a positive contribution by protecting credit schemes against abuse and perhaps allow them to be extended.

Clearly there is a need for loans of small amounts to assist indigenous producers in improving their lot. The vacuum left by the Agricultural and Industrial Loans Board has not been filled. The savings and loans societies, of which more later, are designed to provide consumer credit, not agricultural finance. For cooperative societies to provide funds on any significant scale via store credit would jeopardise their retail and marketing functions by depriving them of working capital. One new source of credit since 1974 has been the Caisse Centrale de Coopération Economique, a French State Banking organisation. Up to the end of 1976, it had made 309 loans, totalling FNH 714 million (about \$7 million), about a quarter going to rural development projects. But these were to communities, or very occasionally cooperatives, more or less as aid projects, similar to those sponsored by the UK Ministry of Overseas Development. At present loans and aid for agricultural development for the most part are not directed at the individual producer or his primary cooperative society. They are going to government departments, or to large organisations such as the Federation. While these may benefit the individual producer considerably, they do not meet his basic need for small amounts of agricultural credit. This applies particularly to cattle rearing which has proved the major means of diversifying away from copra, thanks in no small

measure to the Agricultural and Industrial Loans Board.

Savings and loans societies.

Savings and loans societies are the local version of credit unions. Their objects as stated in the by-laws are "to promote the economic and social interest of (their) members, and in particular:

- (a) to create funds to be lent to members for productive or necessary personal purposes at reasonable rates of interest and with easy terms of repayment.
- (b) to accept deposits from members and to pay interest thereon.
- (c) to educate members in thrift, and general financial management."

In fact, most loans were for house building or consumer purposes in general and their role as savings organisations was subordinated to the lending function.

Membership regulations of savings and loan societies differ from those of a normal multipurpose cooperative society in that a member does not have just a single share. He is required to purchase a minimum number - ten x \$2 shares in the case of Vila Civil Servants Savings and Loan Society (VCSSLS hereafter), twenty x \$1 for rural societies. There is no upper limit on shareholdings with the society and interest is paid on these according to net profits returned. Members of VCSSLS had to agree to purchase two shares per month, and those of the rural societies, 12 shares per year.

Loans are granted after applications have been vetted by the committee. Only members who have acquired shares to a total of 25% of the value of the loan sought can receive loans. A maximum level of \$1000 was initially fixed by both the urban and rural societies but VCSSLS lifted it to \$2000 in 1971, provided members deposited 75% of the loan value beforehand! Later the \$2000 limit was removed for housing loans. The rate of interest charged is 1% per month on the unpaid balance and late repayment is subject to a fine of ten cents per day. Loans not used for the purpose for which granted can be recalled. All loan applicants have to provide two guarantors, themselves members of the society who hold and retain for the period of the loan shares of at least two thirds of the amount of the loan if for cars, boats or outboard motors, or one quarter if for other purposes. Guarantors cannot

themselves currently hold loans, be the spouse of a borrower or pledge the same shares for more than one loan. If a borrower defaults, the committee, after trying to clear the debt by taking the borrower's share capital and the property for which the loan was granted, can then have recourse to the guarantors for the balance. The regulations are fairly watertight if complied with and they did in fact prove effective for the most part, although in later years the societies began to run into difficulties over loan repayments.

### History

Savings and loans societies have existed since the beginning of the formal New Hebrides Cooperative Movement. <sup>In contrast to</sup> Unlike many other countries (for example, Fiji or Papua New Guinea), these societies were considered an integral part of the Movement and administered as such. In 1964 the Vila Civil Servants Savings and Loans Society was created under the supervision of the British Cooperatives Department. No equivalent society has yet been formed under the auspices of the French Cooperatives Department. As the title of VCSSLS implies, it served government employees, i.e. that sector of the population who have always proved the most ravenous for consumer credit. It was intended to be used by officers of both national governments, but the French government disapproved of their people becoming members and actively prevented a number of French policemen from joining. By the end of 1964 there were 75 members and deposits totalled A £2800. Eleven loans amounting to £1460 had been made, the majority of these for house building materials or motor vehicle purchase. No borrower was late on repayment. 1965 saw the VCSSLS increase its membership to 105. Deposits rose **by** £3265 and loans totalling £4185 were granted, again mainly for building materials or motor vehicles. A few were for land purchase. There were no bad debts and the society made its first surplus, paying 6 $\frac{1}{2}$ % on members' de-positions, about twice the rate of interest given by the local savings bank. The good record was repeated the next year "due to the dedicated and hard working committee which showed excellent judgement in the granting of loans" (British Cooperatives Department Annual Report 1966). Membership reached 123, as practically all the New Hebridean salaried civil servants in

the British Administration joined. Deposits were A \$9362 and loans totalled \$5360. Repayments were at a high level "with the committee vigilant in pursuing minor defaulters" (ibid). The success of the VCSSLs was the stimulus for the creation of a second society in Vila for those outside government: the South Efate Savings and Loans Society. At the end of 1966 it had 57 members, deposits of \$7245 and outstanding loans of \$5056.

1967 was another year of good progress. VCSSLs gave a further 20 loans, mostly for housing, vehicles, land and boats. South Efate doubled its membership to 115. Deposits were \$17,228, loans outstanding \$6980. The large number of taxi operator members meant that many of the loans were for vehicles. A third society, Santo Savings and Loans Society, started operations in Santo town and by December 1967 had 81 members with deposits of \$5602. Seven loans were made, totalling \$420. None of the societies had to write off any bad debts, the committees all pursuing defaulters with success and exacting fines on late payment. 1968 was once again a good year with lending at all societies maintained at a high level.

The first interruption in the success story came in 1969. Vila did well as usual, making 13 loans, totalling over \$5000. Santo also had a good year. Membership increased to 143 and loans totalling \$11,300 were made. The blot on the record was with South Efate. This society ran into problems because many of its members migrated to New Caledonia, lured by the high wages offered at the nickel mines. While some members remitted money home, others fell behind with repayments. Even so, it was able to pay out 5% on deposits. In 1970 there was no improvement for South Efate. A "large number" of members failed to keep up repayments. It was only able to make three loans during the year, totalling \$2,200, and paid 3% on deposits. VCSSLs turned in its usual good performance, lending at about the same level as the previous year and paying 5½% on deposits. Santo's business declined but it still loaned out nearly \$8000 to 22 members, all but two loans being for land or building materials. By the end of the year the assets of Santo had overtaken the level of VCSSLs assets to stand at over \$30,000. Its membership was 150.

The first rural society, Longana Savings and Loans Society, opened in East Aoba in November 1970. This drew upon the membership of the Hile Hile multipurpose Cooperative Society, was housed in its store building and had the same secretary. It was not able to make any loans during 1970, but during the next year made seven small loans, totalling \$860. Deposits received were \$4236 and the society had 90 members. However, its performance was eclipsed by the second rural society, West Aoba Savings and Loans Society at the other end of the island. This society opened in February 1971 with 94 members. By the end of nine months the society had accumulated \$12,000 in deposits: "a remarkable and totally unexpected performance" (British Cooperatives Department Annual Report 1971). Its membership had risen to 154, making it in terms of member numbers, the largest cooperative society of any type in the New Hebrides in the space of only ten months. Seven loans were made in 1971, amounting to \$1600, "all for productive purposes". Its committee represented "all walks of local life" and included a woman. The success of these two rural societies raised hopes that they would be established in all important centres of the New Hebrides, but these were short-lived. The 1972 Copra price depression put paid to the immediate prospects. In the longer term, a change of Chief Cooperatives Officer (to whom savings and loans societies were outside the mainstream of Cooperation) and then the decision to develop the more conventional Savings Bank, halted the growth of savings and loans societies. They were no longer encouraged, but left to stagnate and, in some cases, die.

In 1971 the urban societies continued operations as before but support for VCSLS tailed off a little. Its membership had declined to 96 and only about half were said to be active participants. Its lending continued at about the same level. Santo also loaned about the same as in 1970. Its membership fell back marginally to 143. Again only about half of these were said to be active. South Efate continued to operate at a low level and consideration was given to amalgamating it with VCSLS. Its repayment position did improve, but at all three urban societies bad debts had to be

written off.

In 1972 the rural societies expanded their loan business substantially and, despite the copra depression, managed to attract more deposits. West Aoba granted 27 loans, amounting to \$5266, and Longana, ten loans totalling \$3592. VCSSL's business picked up in a year of general economic depression. It gave out 19 loans amounting to over \$11,000, including for the first time loans for bride price and funeral expenses. Santo's lending activities continued to contract and only 8 loans for a total of \$3650 were granted. South Efate made two loans for \$3300. In 1973 matters improved further for VCSSL. It made the same number of loans but for twice as much as in 1972. South Efate was again at a low ebb, lending a little less than the previous year. Santo's operation declined almost to nothing due to repayment problems. Only two loans were made, totalling \$1000. The two rural societies also reduced lending, the amounts loaned being 60% down on the previous years at both societies. But these lending levels on Aoba appeared to reflect a fall in demand rather than repayment difficulties.

In 1974 the position was very much the same. The rural societies did well enough and maintained a reasonable repayment record but the urban societies had difficulty in affecting repayments and "loans in some instances were neither sensible or appropriate" (British Cooperatives Department Annual Report 1974). Santo Savings and Loans Society was combined with Layng Consumers Cooperative Society in 1974 but separate accounts were retained. The financial results for 1975, the last year for which full figures are available, showed that the five societies had between them 733 members, their share holdings amounted to \$124,200 (30% of which was with VCSSL) and reserves of \$174,128. VCSSL was beginning to run down; the final account revealed a cash shortage of \$450 caused by "a hopeless committee and a careless secretary". The advent of several commercial trading and savings banks in Vila and Santo from 1972 onwards and the Cooperative Savings Bank in 1974/5 probably affected deposits into the urban societies. On Aoba the popularity of the two savings and loans societies had the reverse effect of retarding

the growth of the Savings Bank Agencies there. Deposits with the Hile Hile Cooperative Savings Bank Agency were \$1900 between its opening in October 1974 and December 1976. This compares with deposits of \$4200 during the first 14 months of operation of Longana Savings and Loans Society and over \$11,000 by November 1975 (net of withdrawals). By mid 1976 the balances at West Aoba Savings and Loans Society were \$23,400, while total deposits at the ten cooperative Savings Bank Agencies on the island from their formation to December 1976 were only about \$19,500. For a comparison, on Tanna, which also has ten agencies, total Savings Bank deposits were about \$52,000.

In 1976 VCSSLS was said to be just ticking over and Santo and South Efate Savings and Loans Societies were more or less defunct. One cause of the inactivity was that the savings and loan societies' available capital was depleted by loans totalling \$58,000 to the Federation. Also currency depreciation on investments held in London had lost the societies \$30,000 since inception. It was reckoned that they needed an infusion of a similar amount to restart lending at a good rate. Santo eventually ceased to take deposits or lend money on the closure of Layng Consumers Cooperative in December, 1976. Of the rural societies, Longana was managing to keep its activities much as before. It was still making small loans and maintaining a strict line on repayments. In September 1976 only four borrowers were in arrears and the longest outstanding payment was just three months overdue. Loans outstanding were \$1500, share capital was \$11,000 and a profit of \$8400 was recorded for the period November 1975 to September 1976. 6% was paid on deposits. It had 117 members, 74 more than it started with 6 years previously. Throughout its history, Longana operated well, with a good secretary and an active committee. West Aoba over the years did a larger volume of business than Longana but had some difficulty in enforcing repayments. In April 1976 its share capital was \$23400, loans outstanding were \$7400, and a net profit of \$2674 on the year was recorded. 6% on deposits was also paid. However, of the 26 loans outstanding, 20 were late on repayments, 16 of which were more than six months late and half of these were over a year late. Due

to the repayment position, only one loan, of \$700, was made in the first four months of 1976.

The overall success of the two rural societies, at least up to 1975, did not lead to their extension to islands outside Aoba. The provision of consumer credit on a wider scale in the islands will have to await the development of the Cooperative Savings Bank into a lending institution. In the meantime, cooperative retail stores in the islands will have to continue to advance credit on goods which could be more appropriately and safely done by savings and loans societies.

#### Size, repayment and purpose of loans.

The size of the individual loans in Table 16 varied between the four societies. As may be expected, VCSLS tended to make larger loans than the rural societies. For the 66 loans from 1965 to 1971 (three loans were dual purpose), 36 were between \$100 - \$499, 23 were \$500 - \$1000 and the remainder were all under \$100. For the ten loans in the first half of 1972, four were under \$500, the others being for \$500 to \$1000. In 1973 there were five loans of \$2000 or over. The highest advance was \$8000 for a house purchase, followed by \$3600 for house rental. The remaining 14 loans were all between \$100 and \$1000.

The Longana loans between 1971 and 1976 were practically all under \$500. Only two exceeded this, a \$1200 loan for a speedboat and \$1000 for building materials. There were 29 loans for \$100 to \$400 and nine loans under \$100. West Aoba's lending was at a little higher level. Nine loans were above \$500. The three highest were all for \$1000, one being for a speedboat, two for housing. Three quarters of West Aoba's loans were between \$100 to \$400 and only one was under \$100.

Information on repayment periods was only available for the two rural societies. At Longana, the period varied from 3 months to 20 months. Of the 29 loans for which periods were stipulated in the records, 15 were for three to six months, ten were for 9 to 12 months and the rest were for periods over one year. The longest period was a 20 month loan of \$1000 for

Table 16 Advances at savings and loans societies 1965-1976  
 (the number of loans made is given in parentheses)

Reason for loan	VCSSLS 1965-1971 \$	VCSSLS 1972 \$	VCSSLS 1973 \$	South Efate 1973 \$	Longana 1971-76 \$	West Aoba 1971-76 \$
Building materials and equipment	10710 (19)	900 (2)	4350 (7)	2800 (3)	3668 (16)	7230* (19)
Land, rent and house purchase	1070 (3)	200 (1)	11600 (2)			
Household consumer durables	1410 (7)		564 (2)			
Boats and outboard motors	3320 (7)				1510 (3)	2200 (4)
Trucks, cars and parts	6200 (9)	1200 (2)	2000 (1)		100 (1)	2160 (6)
Motorcycles	260 (2)				300 (1)	600 (2)
Motormowers	600 (2)					
Agricultural requisites	400 (2)		200 (1)	300 (1)	850 (3)	1200 (4)
School fees	820 (5)		2000 (1)		1860 (15)	
Marriage expenses, including bride price	720 (5)	105 (1)				600 (2)

Air fares and expenses of overseas visits	660 (2)	700 (1)	2620 (3)		70 (1)
Loan repayment	200 (1)			200 (1)	
Trading capital for private businesses					1300 (4)
Miscellaneous <sup>+</sup>	770 (5)				300 (1)
Unspecified		2400 (3)	520 (2)		

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Notes: \* Includes carpenter's wages (\$1600) and materials for church (\$500)  
 + Contribution to government pension fund (\$520), bread oven (\$300), money to support aged parents, rifle, record player, watch.

Of the VCSSLs loans above, eight women received loans, some on more than one occasion. Their borrowing represented 10% of the total amount loaned.

building materials. At West Aoba, the repayment period varied from 3 months to  $7\frac{1}{2}$  years with the loans being spread fairly widely over the whole spectrum, although  $7\frac{1}{2}$  years was exceptional. This particular loan was for the relatively small sum of \$300 for building materials.

Of the different purposes for which loans were requested, the percentage for housing is remarkable. For the three VCSSLs periods at Table 16 taken together, housing accounts for nearly 50% of loans. In the year 1973, over two-thirds of the money loaned was for housing. At Longana, from 1971 to 1976, over 40% of the total amount advanced and 15 of the 40 loans were for housing. An almost identical pattern is repeated for West Aoba.

Lending for motor vehicles, including spare parts and motor cycles, was popular. At VCSSLs over the three periods, vehicle loans accounted for 17% of the total amount loaned. It is noticeable, though, that the Societies clamped down on car loans in the later years. At VCSSLs in 1973 only one loan was for car purchase and at South Efate there were none at all, although previously this had been the main purpose of loans. Car owners, probably because of the heavy running costs and repair bills, had been notoriously bad repayment prospects. In the two rural societies, the approach to vehicle loans varied between Longana and West Aoba. For the former, over the five years studied, only \$100 was advanced for trucks, and this for repairs. \$300 was loaned for a motor cycle. Vehicle loans represented just 5% of the total loan amount. At West Aoba, the picture was different. There, \$1360 was granted for truck repairs, \$800 for truck purchase and \$600 for motorcycles; eight loans in all, accounting for nearly one fifth of the total amount advanced.

Other important areas of loan were for: boats and outboard motors; school fees; and agricultural purposes, especially cattle fencing. Bride price and marriage costs accounted for a few loans at Vila and West Aoba. Loans for household consumer durables, mainly furniture, were frequently granted at VCSSLs. In the rural societies, no loans at all were given for this purpose. Vila also gave a number of loans to assist with travel expenses. West Aoba had one area of loan to itself, that of providing business capital. 8% of the

total amount loaned was given to businessmen for working capital.

Other cooperative sources of credit.

Although there are no French-supervised savings and loans societies, the French Cooperative Society by-laws provide under Article III "pour la promotion de leurs interets economiques, des prets d'un montant maximum de..." In the by-laws of most societies, this is left blank or deleted but a number are permitted to give loans. The first cooperative registered, Ipayato, South Santo, was allowed to grant up to FNH 2500 (A\$25), specifically for building purposes. In other societies, they were allowed to advance between FNH 2000 and FNH 10000 in outer islands cooperatives, and up to FNH 20000 for some Efate Cooperatives. One cooperative, the peri-urban Des Iles at Anabrou, Vila - the largest French-supervised - was able to grant loans up to FNH 100,000 (\$1000). The loan provision, where it exists, is tantamount to store credit. To this extent, it is more realistic to bring it into the official framework of control than force it under the counter, as happens in British-supervised societies.

One other loan scheme of note was introduced in 1964 by the first British-supervised society, Lumbukuti Cooperative Society on Tongoa island. The year before, the island had been struck by a cyclone which destroyed many homes. The society granted loans of \$60, interest free over a year, in order to rebuild houses in more permanent materials. A simple housing design was drawn up for members to follow and, on set days, other members helped to construct the houses for no wages. Five loans were given in 1964/5 and it was intended that every year five more loans be given until all the families were well-housed. The scheme ran out of steam after the first year. All loans were repaid but only three houses were completed: "The other two still await sufficient energy from their owners to utilise the materials purchased with the loaned money". (British Cooperatives Department Annual Report 1965). Housing schemes were not tried again in the New Hebrides. There are no housing societies and the primary societies do not consider it part of their function to provide housing, other than to supply building materials for

cash, sometimes on credit, as part of their normal business. The main area of help in housing finance could have come from savings and loans societies but this never materialised..

Some concluding comments on credit.

It is by no means easy to collect reliable data on credit, particularly store credit, but certain generalisations can be made. The main one is that the reputation of store credit as the inevitable cause of the failure of indigenous business is undeserved. As Belshaw has remarked with regard to Fiji, "while no doubt the personal credit system is open to abuse, it is difficult for me to believe on this kind of evidence (repayments to Fijian-run stores) that undue credit restricts enterprise" (Belshaw 1964:201). To be more specific, the small-close knit communities are in general better repayers than the larger societies. Government officers present a problem as they frequently lack commitment to the local community in which they presently reside. Urban consumer cooperatives and urban savings and loans societies display the worst repayment records. It seems that their heterogeneity plays a significant part in this. Repayments to the Agricultural Loans Board have also been poor. Without any enforcement staff and the Board being an outside institution to which no allegiance is owed, it is hardly surprising that borrowers defaulted. The rural savings and loans Societies, especially Longana, have had much better repayment records. These have shown that islanders, within the context of their "own" organisation, will repay if the loans are not excessive, are for viable purposes (i.e. excluding vehicles) and defaulters are chased up - social pressures are helpful here.

The purposes for which credit is sought are various. Among the major items of store credit are beer, foodstuffs and cigarettes and tobacco; but practically anything is covered, including motor vehicles. Loans from the Agricultural Loans Board have overwhelmingly been for cattle and associated equipment. Savings and loans Societies have mainly lent for building materials but also for trucks, boats and cattle fencing. Generally, the demand for credit is not for productive purposes but for consumer goods and building

materials. In cash terms, the highest demand may well be for beer.

The dominance of consumer credit is not unique to the New Hebrides. Schikele (1968:333) cites the cases of Orissa in India in 1961/2, where 50-60% of outstanding loans were used for consumption, and the Phillipines in 1958 where 71% of agricultural credit was in fact used to meet living costs. In 1977, a researcher in Turkey (M. Ecevit) found that loans for tobacco production were being spent on consumer goods instead. It would be as well to recognise the priorities of the people. However, in the schemes of the loan-giving institutions to the Third World, agricultural credit has always been regarded as a "good thing" whereas consumer credit is in some way "bad". There seems to be a moral imperative at work, even though the economies of the developed Western nations rely on consumer credit. In the New Hebrides, the present governmental loan-giving bodies make little or no provision for consumer credit. Yet the major felt need of those who seek credit is for small loans for consumption purposes, broadly interpreted. Such loans could also cover the relatively low requirements for agricultural credit. Savings and loans societies are ideally suited to this, and can finance the loans from within the community itself. It is a pity that circumstances, partly of internal cooperative politics, have not permitted the extension of rural savings and loans societies.

#### History of the New Hebrides Cooperative Federation Savings Bank.

The alternative to savings and loans societies is the Federation Savings Bank, a comparatively recent introduction into the islands. Apart from a very few agencies of the Commonwealth Savings Bank of Australia and the Australia and New Zealand Bank at trade stores and government stations, there were no savings bank facilities outside the towns prior to 1974. In that year estimated income on copra sales through cooperatives exceeded their store sales for the first time ever. A surplus of \$2 million over expenditure was projected. If this could be saved within the Cooperative Movement, it would be the foundation on which to build a savings and trading bank as an arm of the Federation. Barclays Bank International was approached for assistance

and they agreed to second a manager to set up the bank. He arrived in October 1974, by which time a pilot scheme had been put into effect in the north of the Group. Eight cooperative societies on the islands of Malo and Aoba were selected to receive the first savings-only agencies. These islands were chosen because they were considered to be well integrated into the money economy and Aoba in particular because of the successful experience of savings and loans societies there. The pilot scheme attracted \$14,000 in deposits by the end of November, a fair enough start, and the main launch of the Savings Bank took place in April, 1975. In May the French-supervised cooperatives were invited to install Federation Bank agencies in their stores but they declined. No subsequent moves were made by the French to open their own bank.

In the event, the hopes of mobilising \$2 million surplus money in the islands were not fulfilled. By December 1975 deposits had only reached \$145,000, and by the end of 1976 balances with the Bank totalled only some \$210,000, excluding those transactions which had not yet been notified to the Bank's Head Office. A little market research could have perhaps discovered that the optimistic projections of a huge cash surplus washing around the Group, looking for a home, were wildly optimistic. If one accepts that New Hebrideans produce to meet consumption needs and that consumption is likely to increase as returns to effort increase (see chapter 6), then it would be unlikely for them to generate any significant amount of cash income for which there was no specific purpose. There may be a residual over that budgeted for but this may be expected to be small. In fact 1975 consumer expenditure shows very nearly a \$2 million excess over estimated copra receipts, which gives some idea of what happened to the money. The fall in copra price from a high of FNH 51,900 per tonne FOB in June 1974, to a low of FNH 8300 per tonne FOB in June 1975 did not help. The bank could certainly anticipate an initial inflow of funds as it would offer somewhere to lodge what the Tannese term "old money" (see page 171) which has been held as a precautionary cache. But there would be no continuing addition to this. That is what in fact seems to have happened. At Ure Cooperative on Tanna, there was more cash deposited

in the first eight weeks than in the next 83 weeks. At Pele island Cooperative, as much was taken in the first ten days as in the next 550. Even Vila followed a similar pattern - \$8000 was deposited in the first two months, which represents over a quarter of the balance in March 1977, some two years later.

It was forecast that the Bank would lose about \$57,000 in its first 15 months but in its second and subsequent years a profit of \$50,000 per annum would be made, based on \$2 million deposits. Thus by its third year, the Bank would become self-financing, could extend its operations into commercial banking and eventually become the basis for the New Hebrides national bank. But, as the Plunkett Report pointed out in 1975, it needed \$1 million at least to break even. It came nowhere near this figure and the losses began to mount. After one year, losses were in the region of \$125,000 and, by mid 1976, they were up to \$175,000. The main expenses were interest on deposits (4% in 1975, 5% in 1976) and, in particular, the cost of the manager. His salary and allowances were extravagant by any standards, let alone those of a bank with capital less than most UK High Street bank branches. For his contracted two years service, his costs amounted to over \$64,000, of which his salary and pension contributions were \$37,450. He was "removed" in January 1976 and the Bank's operations cut back severely. No visiting of agencies in the islands was carried out during most of 1976. As a result, the Bank's affairs got completely out of hand at local level. Cash was no longer collected, partly because of the risk of loss involved in transit, partly because there was no one to collect it. Instead, weekly returns of transactions were supposed to be sent to the Head Office and the society's account with the Federation was debited or credited accordingly. The Federation in its turn was supposed to pay over to the Savings Bank the value of the net receipts for it to invest on fixed deposit with Barclays Bank. Unfortunately, the cooperative secretaries, being left to their own devices, had little idea of how to deal with the paperwork. Head Office was very often not notified of transactions and deposits were retained in the societies

to be used as working capital for copra and store purchases. The Bank was thereby deprived of its means to earn income while at the same time required to pay interest on money it had never had. The Bank's staff was reduced to three New Hebrideans, none of whom had outside experience of banking. These were supplemented at the end of 1976 by three trainee inspectors. It was intended to recruit another, less expensive, expatriate manager (who arrived in late 1977). Despite the economies, the Bank was still losing \$700 to \$1000 a month by the beginning of 1977.

The Bank's tie with the Federation has complicated the issue. The British Finance Department was against the connection of a savings bank with a trading organisation lest it use the bank's funds to finance its own operation. The Federation's weak financial structure gave some weight to this objection. The UK Government was not prepared to put up money for the Bank whilst it remained an integral part of the Federation. On its side, the Federation had no intention of severing control as it felt that this was the only way to keep the Bank an indigenously-owned organisation. That the Federation's involvement was inimical was the complaint of the Bank's Acting Manager in February 1977. He was not allowed to write a cheque for anything over \$200. A customer wishing to withdraw this amount (the cash float was minimal) had to wait while the Manager sent a messenger with the cheque to the Federation's Office two miles away to obtain the necessary signatures. A more serious charge was that the Federation was not handing over the Bank's funds or paying them interest in lieu. At the end of January 1977 the Federation was said to hold \$35,800 which was due to the Bank. At that time, the Bank's only source of income was interest at rates of 8% to 9% on a total sum of \$146,000 with Barclays Bank on fixed deposit. The remainder of the Bank's money (anything from \$40,000 upwards) was still held in the primary societies, earning nothing. The Bank was thus being starved of its funds and yet was expected to pay its way within the set-up of the Federation. The potentially grave nature of the overall situation was expressed by the Chief Cooperative Officer in March 1977 in a letter to his staff in the districts:

Table 17 The geographical distribution of Savings Bank agencies compared with primary cooperative societies

Place	No of Savings Bank Agencies 1976	No of Savings Accounts 1975/6	Percentage of savings Accounts	No of Primary Cooperative Societies 1975	No of Coop Members 1975	Percentage of coop Membership	Percentage of Population 1967 Census
<b>Banks and Torres</b>							
Islands	8	248	4.6	9	517	4.9	4.5
Santo	4	160	3.0	16	995	9.4	13.0
Malo	5	262	4.9	5	205	1.9	2.0
Maewo	2	588	1.1	4	215	2.0	1.5
Aoba	10	507	9.5	13	763	7.2	7.5
Pentecost	12	394	7.4	16	979	9.2	9.0
Malekula	17	629	11.7	38	1716	16.2	14.5
Ambrym	14	485	9.1	15	759	7.1	5.5
Paama	3	355	6.6	4	328	3.1	2.5
Epi	3	205	3.9	5	308	2.9	2.5
Tongoa	6	302	5.6	7	470	4.4	3.0
Other Shepherd IIs	0	0	0	6	278	2.6	1.5
<b>Efate &amp; Neighbouring</b>							
Islands	11	832*	15.5	15	1946+	18.3	16.0 <sup>o</sup>
Tanna	10	806	15.0	18	892	8.4	15.0
Aneityum	2	104	1.9	2	82	0.8	0.5
<b>Other Southern</b>							
District islands	0	0	1.9	4	182	1.6	1.5
Noumea, New Caledonia	1	12	0.2	0	0	0	0
<b>Totals</b>	<b>108</b>	<b>5359</b>	<b>100.0</b>	<b>175</b>	<b>10625</b>	<b>100.0</b>	<b>100.0</b>

\* Includes 350 Vila Head Office + includes 987 Vila Urban consumers o the urban population has increased since 1967. Efate population in 1976 was estimated at 21% of the total. The "Konada" and "Henry Bonneaud" ships were floating agencies for those areas not served.

"If it happens that the Savings Bank cannot meet its commitments or that any agency has spent members' deposits on cargo and produce and cannot meet withdrawals because of this, it would be most serious for the future of the Movement as a whole".

Distribution of balances.

Vila Head Office holds about 14% of the total balances while the other Efate and neighbouring island branches account for 7%. Tanna has about 18.5%, the largest for any island outside Efate. There the Cooperative Bank provided an alternative for the first time to the European-run bank agencies. The small island of Paama with only three agencies has some 7% of the total, a measure of its dependence upon migration wage work and remittances. Malo island near to Santo and with plenty of opportunities for wage work, also has about the same proportion. Aoba in the same region but with a larger population has slightly less, a result of competition with the two savings and loans societies. Malekula, which has the most agencies, accounts for just under 12%, while the other two islands well served with agencies, Ambrym and Pentecost, have 8% and 5% respectively. In North Pentecost, North East Malekula and on Aoba, there are opportunities to bank with the ANZ Bank, which may explain some diminution of deposits. The Banks and Torres in the far north of the Group account for under 4% of total balances, the two isolated Torres agencies with limited opportunities to earn cash income attracting few deposits. But the four Santo agencies, where there are no problems in earning cash, do even worse with only about 1.5%. Again, three commercial banks have branches in Santo town, one of them established for many years. The agencies with the most accounts outside Vila are Lahris on Paama (194) and Kasali on Tanna (185). Those with the largest balances are Lenakel on Tanna (\$11,400 in December 1976, about 5% of total balances) and Lahris on Paama (\$8800 in May 1976).

Savings at some primary societies.

Before the Ure Savings Bank agency opened, the only alternative savings facilities in the area were offered by the trader R U Paul. He operated agencies for the Australia and New Zealand Banking Group and La Banque de l'Indochine at his store about 4 kilometres from Ure. The Cooperative Savings Bank provided an opportunity for people in the hamlets around Ure to save a

little more conveniently and to do so outside the ambiance of the white man. The Ure agency opened in June 1975. Within six months, there were 77 accounts, and deposits totalled \$3400. There had been no withdrawals whatsoever. 43 of the member households of Ure Cooperative Society had accounts at the agency. Of those who did not have accounts, seven had deposited money with other Banks or other agencies of the Cooperative Bank and three said that they kept their cash savings in the house. Five non-members, close kin to Ure members but not living in their household, had opened accounts, as had a number of men from North Tanna, there being no bank agency at their own cooperative. Two market gardening "companies", run by Ure members, had also deposited money.

The breakdowns by membership of the Ure and Pele Savings Bank Agency Accounts are given at tables 18 and 19.

The largest groups of Ure depositors were: members and members with joint accounts: \$1765 (52% of total deposits), wives and mother (including the one woman member) \$483.50, (sons over school age (including those not in the household) \$466.

In all 13 women and girls had accounts at Ure in their own names. The largest single depositor among the total membership was a woman with \$240 in her account. It is likely that her husband, the chairman of Pukamlalam Cooperative, used her account for some of the household's savings, although he himself had an account at Ure with \$84 in it. At other societies too, women were more represented among savings account holders than they were in the membership in general. Tanben Cooperative, on Tanna, had only one woman member but 11 women and girls had bank accounts. Five were schoolgirls, three infants, and the others were a widow, a woman living apart from her husband, and an unmarried young woman. At Pele Cooperative, which had two women members, there were five female savings account holders. Three were young daughters of the chairman, the others were an old unmarried woman and a member's wife. Their deposits amounted to \$45 (15% of the total). South East Aneityum, with nine women coop members, had 17 women account holders of

Table 18

Account holders at the Ure Cooperative Agency of the Federation Savings Bank  
as at 14-12-76.

	Number of Account Holders	Deposits in \$	Percentage of Total deposits
<u>In Members' Household</u>			
Members	28	1495.61	44.2
Joint Accounts:			
Member and Wife	5	204.30	6.0
Member and Son	1	20.00	0.6
Member and Father	1	44.95	1.3
Members' wives	6	350.50	10.4
Members' sons at school	9	228.45	6.8
Members' sons over school age	4	368.82	10.9
Members' infant sons	2	25.00	0.7
Members' daughters over school age	2	7.50	0.2
Members' daughters at school	1	4.00	0.1
Member's infant daughter	1	19.05	0.6
*Member's mother	1	121.00	3.6
		<u>2889.18</u>	<u>85.4</u>
<u>Not in Household</u>			
Members' sons	3	97.00	2.9
Joint Accounts:			
Member's son and wife	1	20.00	0.6
Member's married daughter	1	5.35	0.2
Member's son's son (at school)	1	6.00	0.2
Market gardening companies	2	242.00	7.1
North Tanna men	7	122.00	3.6
	<u>76</u>	<u>3381.53</u>	<u>100.0</u>

\* holds two accounts

No withdrawals were made from the date of opening, 11th June 1975, to 14th December, 1976.

Table 19

Deposits and withdrawals at Pele Cooperative Society Federation Savings Bank  
Agency 15-7-75 to 5-2-77.

		<u>Deposits</u>	<u>Withdrawals</u>	<u>Balance</u>
Members and former members	13	82.80	18.00	64.80
Members' sons at school	4	19.01	-	19.01
Members' sons over school age	8	128.33	50.00	78.33
Members' wife	1	2.20	-	2.20
Member's wife's brother	1	10.00	-	10.00
Chairman's daughters	3	30.41	10.00	20.41
Launch company	1	22.00	-	22.00
	<u>31</u>	<u>294.75</u>	<u>78.00</u>	<u>216.75</u>

Notes: The largest volume of deposits was by a Vila hotel worker, the son of a member, who paid in \$88.34.

The very low level of savings at Pele is due in part to the easy accessibility of the Vila commercial banks, together with a lack of confidence in the society following excessive stock and cash shortages.

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whom 12 were members' wives, two were widows and three young unmarried girls. Their total deposits were \$260 (18%). Lastly Nepek Cooperative, also on Aneityum, had seven women members but there were seventeen women with savings accounts (seven members' wives, eight schoolgirls, one widow and one unmarried young girl). Their deposits totalled \$170 (13%). The Presbyterian Mission Women's Club also had an account containing \$122.00.

Low level and irregularity of savings; Infrequency of withdrawals.

The lack of a continual flow of savings referred to earlier was highlighted at Ure Cooperative. Over half the cash deposited in the agency after 20 months of business came in during the first eight weeks. There were no withdrawals until the very end of this period. My informants told me that much of the money put in could have been "old money", formerly kept at home and, when

the agency opened, deposited there for safe keeping and interest. \$60 of the deposits was in fact old coinage, including American dollars dating back to the wartime occupation. The prevailing attitude to "old money" is that it should not be touched if at all possible. It is for use only in emergency. Nor is there any particular impulse to increase the amount, the insurance does not require renewing, nor does the premium increase.

In a survey of the Ure membership, 60% (42) of the members questioned said their reason for saving was to obtain interest. A few wanted to deposit their money in a safe place. Only four members gave reasons different to these. The replies "to obtain interest" were mostly that, as they had the money in any case, they might just as well save it in the Bank and receive interest on it. There was no intent to earn a cash income for the specific purpose of gaining interest. Nor indeed was there any evidence of saving for any investment purpose other than two members who hoped to save enough to build a house. Neither of these had bank accounts at Ure: one was a civil servant in Vila, the other a committee member of Pukamlalam Cooperative. The weak propensity to save among the Ure membership is shown in table 20. If the first seven weeks' deposits are omitted to eliminate "old money", then for the period to mid December 1976, savings represent 9.6% of total copra and sandalwood sales through Ure Cooperative (for the whole period from the opening of the Agency the percentage is 22%). Against this must be offset other income sources, and for 1976 I have estimated savings as being 3 to 4% of the membership's total income (see table 24).

The argument that withdrawals are inhibited because of a reluctance to use money once it has been saved is supported by many examples of low withdrawal rates throughout the Group. At nine of the 89 agencies which had submitted returns to Head Office after February, 1976, there were nil withdrawals. Four of these were on Ambrym which, like Tanna, is not so entrenched in the money economy. In two other Ambrym societies the agencies had been operating for nearly a year before the first withdrawals were made. At those cooperatives where I was able to scrutinize the agency records, most showed comparatively few withdrawals. At Pele island only five of the thirty

Table 20 Member households' savings at Ure Cooperative Agency of the Federation Savings Bank from 1.8.75 to 14.12.76

Member household Coop share number	Relationship of savings account holder to coop member	Number of deposits made	Total amount of deposits \$	Members copra sales at Ure cooperative 1-8-75 to 14-12-76	Remarks
1	Member	1	2.00	170.00	Also has income from cattle sales and market gardening
5	Member	1	13.00	128.00	Income from cattle
6	Son	1	10.00	67.00	
11	Member and baby son	2+1	65.00	249.00	Income from cattle and market gardening
15	Son	2	33.00	396.00	Son is a mechanic for government. Income about \$800 per annum.
17	Member	2	90.00	222.00	Taxi operator
18	Member	1	18.00	271.00	Also sells copra to trader R U Paul
20	Member, wife and daughter	1+1+1	4.66	313.00	Member is "boss" of a market gardening company which has a savings account, balance \$122.
22	Schoolboy Son & daughter (since married)	1+2	14.20	155.00	Income from cattle
23	Joint account member & wife	1	20.00	141.00	Income from cattle and pig sales
24	"	1	2.00	172.00	
25	Member	1	46.00	129.00	Income from pigs & remittances from plantation worker son
26	Joint account member & wife	1	2.00	148.00	No deposit since August 1975
27	Son	1	20.00	73.00	Member is the driver of Ure Cooperative's tractor
30	Son	1	2.00	295.00	Income from pigs
31	Son	3	109.00	162.90	Household has income from cattle, pigs & market gardening. Also sells copra to CFNH trade store

36	Member	1	18.00	84.00	trade store Assistant Coop Baker. Income \$20 per month. Also income from cattle, market gardening and tobacco
37	Member	1	12.00	185.00	Income from market gardening, cattle and occasional wage work
40	Member	1	7.00	84.00	
42	Son	1	5.00	78.00	Occasional wage work
45	Member & wife	1+1	12.00	206.00	Coop baker. Income \$40 per month. Also income from cattle, pigs and market gardening
46	Wife	5	19.00	10.00	Member is an old man & relies on remittances from various sons. Said he has \$136 in a bank account elsewhere.
49	Member	3	62.80	34.80	Sells copra to CFNH trade store
52	Member	2	13.00	26.00	Income from pigs. Sells copra to CFNH trade store. Works as cattleman for trader R U Paul at \$14.00 per month
54	Member	1	20.00	102.00	
56	Member	4	51.60	58.00	Co-"boss" of a market gardening company which has a Savings Account of \$120 at Ure. Member also sells chickens, eggs and fish
60	Member & wife	2+1	74.00	267.00	Income from pigs and market gardening
62	Member	1	40.00	192.00	No deposit since 12.8.75
63	Member (woman)	1	12.00	NIL	Husband migrant worker in Vila. Sends remittances
64	Member and baby daughter	2+4	13.20	126.00	Income from cattle and pigs. Is cooperative chairman.
67	Father	1	22.00	504.00	No deposit since August, 1975. Income from pigs and market gardening
68	Member & wife	4+2	53.20	115.00	Coop. Secretary. Wages for 1975/6 over \$1000. Also income from cattle and speedboat
72	Wife	2	4.00	NIL	Income from market gardening

Notes: The first few weeks of business from 11.6.75 to 31.7.75 are omitted to make allowance for deposits of cash previously hoarded at home. Also omitted are deposits of pre-decimal, American and other foreign currency for the same reason. Deposits in this period totalled \$1918.65, 56.7% of total deposits to 14.12.76. Other omissions are deposits by persons not resident in Ure members' households and by two market gardening companies. There were no withdrawals whatsoever.

Sources: Ure Cooperative Savings Bank Agency records and copra docketts. Other data were obtained from a survey at the cooperative.

one accounts had withdrawals from them in one and a half years of business. On Tanna, Ramasana Cooperative's first withdrawal was over a year after the opening of the agency and just four of the 64 accounts had withdrawals in eighteen months of business. At Keme Cooperative it was nearly a year before there was a withdrawal and, in 19 months of operation, cash was withdrawn from only three of the 49 accounts. Pukamlalam Cooperative's agency had withdrawals on four of the 37 accounts in 20 months and at Tanben 14 out of the 111 accounts had withdrawals over the same period. The cooperatives in areas more integrated into the cash economy, with more wage work opportunities and with a more mobile population (migrants and non-Tanese), tended to have a higher level of withdrawals. But at only one was the proportion of accounts with withdrawals much above 30%. This was at the Whitesands Cooperative where 37 of the 84 accounts had cash taken out, or 38% of total deposits. The withdrawals record here may have been associated with a loss of confidence in the society following its poor financial performance.

There is no pattern of regular saving. After 20 months, over 40% of the Ure accounts had only one deposit in them and another 30% had just two deposits. Only about 10% of accounts had more than three deposits, the most being seven payments into the Secretary's account. At Pele over one quarter of the total number of accounts had just one deposit in them over an eighteen month period. For Nepek and South East Aneityum cooperatives the figures were 60% and 45% respectively, but for a period of 8 months only.

#### Some explanations of savings behaviour

There are a number of possible explanations for the low rates of deposit and withdrawal. Firstly, account holders may not have known that they could withdraw their cash. This argument was put forward by a Savings Bank Inspector. He claimed that he had found surprising ignorance of the rules and regulations of the Savings Bank at Ure Cooperative. This may be so in some respects, but one wonders why people would deposit their money if they thought that they could not then retrieve it. However, within a week or two of his holding an

education meeting there, the first ever withdrawals were made (on four accounts). There was, though, no rush to withdraw and it could be that the Inspector's remarks at the meeting had put the thought of making a withdrawal into these people's minds. If his explanation is right, it would still only effectively apply to those societies which had no withdrawals at all. The same man also maintained that the members at Pukamlalam Cooperative, close to Ure, did not understand that they received regular interest on deposits. This removed an incentive to save. Here again, the members may not have grasped the mechanism of Savings Bank interest (although I doubt this), but they were certainly acquainted with the notion of yearly payouts in the form of copra and store bonuses. Moreover, the responses of the Ure members clearly showed that they knew their money earned interest.

A more plausible explanation of the low rate of deposits came from an expatriate Education Officer. He had been told that people were reluctant to save with the Cooperative Savings Bank, as unlike the private banks, its records were not confidential. All and sundry could find out how much one had in the Bank. This was not strictly so in practice but admittedly the secretary and committee members might not keep to themselves confidential information to which they had access. But the same applies to members' income from copra and this was no deterrent to sell copra through the cooperative. It is possible that the emerging class of salaried workers may prefer to bank elsewhere for reasons of confidentiality. None of the teachers in the Ure area had accounts with the Cooperative Bank there. It may also be that they did not have the money to save, teachers being heavy demanders of credit at Ure's store. On Aneityum, where the only savings bank was the Cooperative, schoolteachers did use it. Another possibility along the same lines is that people do not save with the Bank as, if their savings became public knowledge, there would be pressures upon them to dispense it. No New Hebridean of my acquaintance ever claimed this as a deterrent to saving. It would have more force if there were an institution paralleling the Fijian "Kerekere" i.e. the right to demand and be given a kinmate's possessions.

Given the drawbacks of these explanations for the low propensities to save and withdraw in rural Cooperative Savings Bank agencies, I must fall back upon the "old money" and the production for consumption hypotheses, at least at Ure Cooperative. Production is mainly geared to consumption needs and thus there is no surplus cash to be saved. Saving is not an end in itself nor do people save up for anything. Much of the saving appears to be a simple transfer of precautionary cash holdings previously kept in the house. These holdings, being earmarked for no particular purpose, perhaps remained untouched for some time without addition or withdrawal. The advent of the Savings Bank allowed this money to earn interest.

The hoped for inflow into the Savings Bank did not materialise due to the low propensity to save. Even so, the Bank did perform a useful service in providing for the first time a depository for cash holdings. Whether it is the most appropriate vehicle to harness New Hebrideans' savings is in doubt. Bearing in mind the early years' performances of the Aoban savings and loans societies, there is some evidence that a credit union structure is more appropriate, with commitments to save linked to a lending facility. Amongst other things, it would give some purpose to saving which is largely absent at present, and would also fit in with traditional notions of giving in order to receive.

CHAPTER FIVETANNA AND URE COOPERATIVE SOCIETYIntroduction.

Thus far, the operation of cooperatives has been considered in the context of the New Hebrides as a whole. In this chapter I intend to look at cooperatives on one island, Tanna, and to relate the development of Tannese cooperatives to their particular social and historical circumstances.

Tanna is in the southern New Hebrides, some 240 km from Vila. It is 55,000 hectares in area and its population in the 1967 census was given as 10,500. It is the most densely populated of the larger islands. There are six distinct language groups on Tanna; the Lenakel language of West Tanna being the largest with over 3000 speakers (Tryon 1972). The island's geological structure is similar to other parts of the Group and there is an active volcano. The climate is more temperate than in the north; rainfall is lower, ranging from 100mm-200mm per month from April to September and 200mm-350mm from October to March. The cyclone season is from November to April. Temperatures average about 22°C in the wet season and 18°C in the drier part of the year. The climate, although less conducive to coconut cultivation, allows a wider range of crops to be grown than on the more northerly islands, particularly all manner of "European" vegetables e.g. potatoes, tomatoes, cabbages and carrots.

Most Tannese live in small hamlets in the centre and north of the island, extending from the coastal margins on each side across a central plateau. These hamlets are generally near to the inhabitants' land holdings. On the coast in the north west and north east are a few larger villages, creations of the missions. The south of Tanna is much less densely populated, being largely mountainous. The high land culminates in the peaks of Tukosmere and Melen, over 1000 metres above sea level. On both sides of the island, but more especially in the west, the higher land is cut by deep ravines.

The hamlets comprise a scattered collection of small huts. These dwellings are for the most part constructed in bush materials; a wooden frame, reed walls and a double thickness of sugar cane leaves for the roof. Corrugated iron is now frequently used for roofing, most commonly in the coastal villages. Near each hamlet is an area of bare earth -- a yimwayim -- sheltered by a banyan tree, at which kava is drunk each evening. Serving a collection of hamlets are larger yimwayim, where dancing and custom ceremonies are held. Cleared from the surrounding bush are gardens of various cultigens:<sup>1</sup> yams, taro, manioc, sweet potato and, increasingly, cash crops of "European" vegetables, the most popular being potatoes. Also widely found is the kava plant (*piper methysticum*). These are often grown with taro but may be cultivated anywhere suitable; there is a row planted along the back wall of Ure Cooperative's store. The main diet of the Tannese is made up from garden produce supplemented by various fruits in season (bananas, pineapple etc.). Protein is supplied by poultry, sometimes fish and flying foxes, less often pork (mainly at custom feasts). A taste for beef is developing, though fresh milk has yet to become popular. Store-bought foods -- rice, tinned fish and meat -- are now regularly consumed.

Along the coastal margins are considerable stands of coconut trees. The traces of any systematic schemes of planting have long been obscured as fallen nuts have been left to grow at will. In some plantations the undergrowth has not been cleared from beneath the trees. In the higher regions of the interior where the coconut tree does not grow well, there are some groves of coffee trees. But here the main cash crop is now European vegetables, together with kava and a little tobacco. Close to nearly every

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<sup>1</sup> See Barrau 1956 and Bonnemaïson 1974 for details of New Hebridean subsistence cultivation.

hamlet are pig pens. The pig is the most important animal in traditional exchange rather than a food source. Today cattle are also raised extensively, being grazed under coconuts or tethered. In places, special paddocks have been cleared and fenced in.

Tannese society revolves as it always has done about land, women, kava and pigs. However, <sup>there have been</sup> ~~the belief systems have~~ undergone considerable modifications through contact with the missions, labour recruiters and the money economy generally. The trauma of change and the need to adapt to it are expressed in such phenomena as the John Frum cult, of which more later. Land alienation by European planters was minimal on Tanna, only 1195 hectares were alienated with a further 473 hectares being held in trust for its original owners by the Presbyterian Mission. There is now only one small European plantation on the island, run by the principal local trader. On the other hand, European traders for long dominated the commercial scene, providing the only outlet for copra and at one time operating a cartel to fix prices. The government administration has been very much in the shadow of the Presbyterian Mission, with which it closely collaborated between the two world wars. It only arrived on the island in 1912 and its main impact since then was to impose a judicial system, replacing the so-called "Tanna Law" administered by the Mission. There are now two District Agents of the colonial powers. These preside over the Native Court, assisted by two assessors appointed by the local people. In education, the field was left to the missions until as late as 1972, when the British government took over the Presbyterian Mission schools. The Presbyterian and Catholic Missions were also formerly responsible for running the two small hospitals.

The colonial powers' contribution to economic development on the island has been pitiful by any standards. It was not until the early 1960's that an agricultural extension service began operating on the island. It started with an unsuccessful attempt to encourage coffee growing and it did not make much headway until cattle and vegetable production were taken up by

the Tannese after 1970. The only significant investment that the government made before 1970 was in road construction, though the roads are little more than tracks, useable only by landrovers or similar vehicles. Inter-island transport depends upon small trade ships but Tanna is not as well-served in this respect as the central and northern islands. There are also very few good anchorages around the island. A daily air service is operated by light aircraft between Tanna and Vila. Telecommunications are by radio-telephone and there are no internal telephone land lines.

Traditional social organisation: Local groups, "political phratries" and leaders.

In 1952 Guiart found 115 "groupes tribaux", including some which were represented by only a few persons. These are autonomous groups, identified with discrete territories in which their members have individual holdings. My own preference is to refer to them as clans, with the proviso that they may not accord in some respects with what is generally meant by a clan.<sup>2</sup> Guiart points out (1956:114) that the local group on Tanna has little formal organisation, though it may have done so in the past. One good reason why it has broken down was the existence of what Guiart terms "phratries d'ordre politique" (ibid:90). At some stage in their history, the Tannese were divided into two groups, Koyometa and Numrukwen, which continued intermittent warfare until well into the period of European contact. Membership of the factions cut across clan lines. Probably at root was land conflict and Guiart cites many instances of members of one group being driven off their land by members of the other (1956: 95-101). The eventual result was that in some areas people of one group came to dominate the district, the opposing group having been driven out or killed off. With the suppression of war, the old enmities between Koyometa and Numrukwen have died out but people still know to which

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<sup>2</sup> Guiart calls them tribes rather than clans as to him the use of the word "clan" would imply a more rigorous and systematic organisation than is the case (1956:114). However to term such small groups tribes is equally misleading.

they belong. In the survey at Ure Cooperative, 58 of the respondents were Koyometa, eight were Numrukwen, four did not know.

Fundamental to Tannese society is the yimwayim or kava drinking place. Every clan possesses several yimwayim, for example the Manik clan at Ure has five. The yimwayim may belong wholly to a subgroup of a clan or it may be shared between subgroups which Guiart terms "sides" (ibid: 113). It is at the yimwayim that one's social identity is affirmed. The place where a tribal member sits is decided by the name that he bears, stemming as it does from the ancestral land. The actual position was originally determined by the direction in which one's landholding lay. In this way, each "side" represented a district. When one visits the yimwayim of another group, the visitor will have customary partners with whom he must sit. A yimwayim may be divided into two sides and then subdivided further. Membership of a particular side indicates relationships in custom ceremonies. Guiart considered that sides of the yimwayim, or the yimwayim itself if there were no sides, were exogamous and that opposite sides of a yimwayim most often exchanged women, especially if they belonged to different political phratries (ibid:115). However, side exogamy and intermarriage are no longer the rule around Ure Cooperative. All in all, Guiart maintains that the yimwayim is "so peculiar a case that the terms of classical sociology cannot easily be applied locally" (translated from ibid: 115).

Exchange on Tanna, as elsewhere in Melanesia, serves to bind groups together into one cohesive social system. The island is criss-crossed by networks of exchange "roads", linking clans and, within clans, the yimwayim. Only along these may exchange take place. There are different classes of road, depending upon the nature of the exchange. Each particular road bears a name which it may retain across different language groups.

Traditional gift-giving along the roads occurs on many occasions, including exchange of yams between groups at harvest time, gifts of kava and foodstuffs at life-crisis ceremonies, and the exchange of women. Dominating all

exchange on the island is the nekowiar cycle (ibid: 21-36). The first half of the cycle lasts about a year and is a complex of ceremonies and dances. Underlying it is a competitive exchange of pigs for prestige between two clans and their allies along the road system. The network is such that any one nekowiar encompasses whole regions of the island. At the culminating events in the cycle, participants and observers may be numbered in their thousands.

*The way authority is exercised on Tanna is unusual.*  
~~The traditional authority structure on Tanna displays many peculiar features.~~ Guiart coined the term "dignitary" because of the absence of chiefs in the formal sense of the word. Nor can the system be equated with the usual Melanesian "Big Man" type of leadership. There is a proliferation of dignitaries holding hereditary titles. Their respective status varies according to the occasion and the man. Guiart discovered in 1952 that, out of a population of 1790 adult males, no fewer than 1100 were dignitaries of one form or another (ibid: 107-108). In my survey at Ure Cooperative, out of the 69 heads of household questioned, 61 said that they were dignitaries of some sort. The dignitary may have some particular role or privileges in custom or he may have knowledge of some special technique, including magic. The most numerous dignitaries are the yeremere kweriya, "chiefs with the plumes". Guiart found over 500 of these while 42 of my Ure respondents claimed to be yeremere. The title permits the holder to sport a plume of feathers as a mark of rank during nekowiar exchange ceremonies. The principal yeremere are the yeremere kweriya apen those "with the long plume". They are the central figures in the nekowiar and are the figureheads of their group. Outside of custom ceremonies, the yeremere has no practical function as yeremere, although he might have other roles and privileges in a different capacity. For instance, he may be a magician, a songwriter or hold exclusive rights to cook turtles or prepare special quality kava. But these roles or privileges may also be held by those who are not yeremere.

Apart from the yeremere, the main dignitary is the yani niko, "the master of the canoe". Whereas the yeremere kweriya apen is the group's

figurehead, the senior yani niko is the "talking chief". But the yani niko is not only the mouthpiece of the group, he is their adviser. As such, the power that he holds surpasses that of the veremere, although in custom ceremonial he may take a back seat. The yani niko really came into his own in time of war when the veremere kweriya apen was retired to a safe place, leaving the yani niko to decide the strategy. Guiart discovered 137 yani niko and I found 19 of yani niko lineage among the Ure Cooperative members (but not all act as yani niko). The influence of yani niko may spread well beyond their clan and in the 1976 Representative Assembly Elections, the Tannese who collected the most votes was a yani niko from the Ure area. The man who was appointed as the Chiefly Representative for the island was the principal yani niko from north east Tanna. The members of the Manik clan's yani niko lineage were the leading personalities behind the formation of Ure Cooperative.

The title of dignitary is passed on by the holder patrilineally to his male descendants. All the male children may bear the general title but only one is designated to carry out the <sup>role</sup> ~~function~~. This, as with so many things, goes with the name, and land, that one is given. In the case of the Manik yani niko, the former office holder decreed that his son's son should take over from him. Thus the present incumbent has the same name as his grandfather. However the influence that accrues to any dignitary does not simply depend upon their holding office, the holder's own abilities and personality also count for much. A yani niko who talks rubbish or is otherwise considered ineffective will soon lose his following.

Guiart sums up the system of dignitaries as follows:

"Apart from the function attached to the privilege itself that he holds, it does not seem that any dignitary benefits from a stereotyped role on every occasion. The understanding about the various titles with his colleagues, the prestige reflecting his own personality, the political role that he has been able to play or

has known how to play.... such are the elements, variable and difficult to define, which determine the conditions and the realisation of his authority. Considering the number of these dignitaries, it is difficult to find a more flexible and at the same time more democratic system."

(translated from *ibid*: 108-109). This democratic structure, linked to a social cohesiveness, has been a useful base on which to build cooperatives.

The Tannese system is not repeated elsewhere in the New Hebrides. In Aneityum to the south and in the islands in the centre of the group from Efate to the Shepherds, there are the remnants of hereditary aristocracies, more akin to the Polynesian chiefly hierarchies (Espirat et al 1973). In the more northerly islands from Ambrym and Malekula northwards, one's custom status is achieved through the amassing of pigs and their subsequent sacrifice and distribution at rank-taking ceremonies (Guiart 1951 1952 (a) 1958, Bonnemaïson 1972, Deacon 1934, Layard 1928 1936 1942, Lane, 1956, Allen 1972).

#### Land tenure

Land is in theory held in distinct units by each clan but warfare has driven some off their land and others have died out. Within the clan territory, a member's land rights derive from the ancestor who originally worked the land. Thereafter the land was called after him and was passed on patrilineally. His descendants with rights in it must also bear his name. Women on Tanna have no rights in land.

With depopulation, men came to hold a stock of names, which they could dispense to their sons. A man could work land, each piece retaining its separate name, and hand it on to whichever son he chose. If there were insufficient sons, the name and land could remain unused until the next generation or a male child could be adopted into the family and clan. Customary rights and obligations follow the name, an adopted child from another clan could no longer be a member of his ~~biological father's~~ natal clan and side of the yimwayim.

The difficulty with naming arises when a man has more sons than he has names. Ancestral land cannot be subdivided. The problem can be overcome by finding someone with spare names who is willing to adopt. One may also have some conquered land or land moved onto when the rightful owners died out. This land is not subject to naming and can be divided up. But trouble may develop if the descendants of the original owners reassert their rights. Land disputes of this nature are not uncommon. One of my informants who held such a tract of land reached an accommodation with the claimants by agreeing to let his son be adopted into their clan. Land purchase is very rare. In the area to the south of Ure Cooperative, the position has been reached in some families that all the names have been used up and the only option for the unlucky sons is to migrate to Vila. (Gregory, pers. comm. ). A way out could be for the land to be farmed collectively; this already happens between kin in a few places but for reasons of scale economies. Such a solution could have significance for the future of production cooperatives on the island.

The low level of land alienation to Europeans is perhaps partly attributable to the naming system. Such land as was alienated is for the most part in places where customary land ownership is disputed. The only European-owned plantation, the West Tanna Presbyterian Mission and the government administrative station are all in the Lenakel area, which is at the frontier of two language groups and where refugees from other parts of Tanna have settled. The motive for some of the Lenakel people embracing Christianity may have been to obtain the Missionary's support in establishing themselves on land that they had taken over. (Guiart 1956: 128).

Lastly, among some groups, there is kampani ground; common land where building materials and firewood may be cut, horses and cattle run, even gardens made, but which no member of the group may permanently occupy. This is found on the East coast of the island, some parts of the savannah plateau of the north west, and in the mountainous south and south west where few people live. Such land is generally the poorest and most inaccessible. With the development

of "European" vegetable cash cropping, there have been a number of instances where close kin have pooled their land and farmed it collectively. There are seven such "companies" around the Ure Cooperative. However, individual land rights are retained and the land is not kampani ground.

#### Marriage rules and women's status

The identity of a Tannese stemmed from the land but the marriage system was the cement of society. The ideal for males <sup>was</sup> to exchange sisters. The preferred marriage was with the daughter of the father's sister or the daughter of the mother's brother i.e. with cross cousins. Marriage with parallel cousins, being classificatory brothers or sisters, was forbidden. If the rules of sister exchange and cross cousin marriage are put together, one comes up with a Kariera model where male ego marries a double cross cousin. Nowadays, the Tannese generally only recognise that sister exchange is to be aimed at. If a sister is not available, another woman will be accepted. The exchange may also be delayed. Residence is patrilocal and polygyny is allowed, despite the efforts of the missionaries to eliminate it. Two of the Ure members have two wives. The levirate, also opposed by the missions, does not seem to be practised any longer.

The exchange of sisters was agreed with one's male cross cousin (taniel in west Tanna, rakiele in east Tanna). Taniels were seen as the source of women. Brunton quotes an informant's remark that "A man's proper taniels are his banks. From your banks you get money, from ours we get women" (Brunton 1974). The missionaries undermined the system by telling their adherents that sister exchange was not necessary. Brunton argues that the resultant breakdown of sister exchange between taniels was serious enough to bring about social disintegration. This in turn was a prime reason for the emergence of the John Frum cult in 1940 which sought to re-establish the traditional ways. The causal factors behind the cult are, though, more complex than this (See below pages 198-9).

In west Tanna, the bride price is a pig and a head of kava, plus an "optional extra" of up to \$20 in cash. It was emphasised to me that the cash payment really was optional and that "custom people" would not wish to hand over cash. In comparison, in the more monetised north Pentecost, the bride price is three full-circle tusked pigs and \$60. The prices on both Tanna and Pentecost do not vary according to the woman's education or other assets. The Tannese have been careful to resist inflation and keep the price at its present level. As women are reciprocated, a higher bride price received would only have to be repaid when a woman is given back by your partner. The missions, too, have backed limitations on the amount of the bride price, seeking to minimise the connotations of "buying" a woman. If the bridegroom's people wish to demonstrate their prestige, they may hold a lavish marriage feast.

Women's status is considerably inferior to that of men. At Ure Cooperative, there is only one woman member and she only by virtue of her husband's more or less permanent absence in Vila. However, it would be a mistake to assume that women are without influence. For example, they have a considerable say in the cash purchases of the household, particularly as regards food and household goods. The sexual division of labour is not marked. The women will undertake the every day cooking, washing clothes and general domestic work. But on certain ceremonial occasions men will prepare the food. Men are responsible for house construction, hunting and fishing. Both men and women go foraging for wild fruits and vegetables. Garden work is also undertaken by both sexes and both cut copra. For the most part, men do the heaviest garden work, for example they will cut down the bush while the women gather the debris for burning. Yet women may be seen carrying on their backs heavy loads of vegetables for market or firewood. The ceremonial role of women is secondary. They cannot hold titles, receive privileges or perform magic. Women have no rights in land but may earn a cash income by cutting copra for themselves on their husband's or kinsman's land, subject to his

agreement. The widowed sister of one Ure member obtains her money income by cutting copra from her brother's trees. His only stipulation is that she sell the copra through the cooperative on his membership number so that he collects the dividend on it. Women's clubs or companies are also a means for women to collectively<sup>to</sup> raise money by selling mats, grass skirts, artifacts etc. Some women's companies even sell their members' labour for garden work.

The status of women will inevitably undergo a change as the practice in many areas, including around Ure Cooperative, is now to send all girl children to school. A few girls are going on to secondary education in Vila. All the same, the ratio of boys to girls in British schools in the Southern District of the New Hebrides (Tanna is the principal southern island) in 1975 was 1.7 : 1, by far the highest of any district in the country. (British Education Department Annual Report 1975).

#### Religion and magic.

Prior to the advent of Christianity, the cult of the ancestors provided the link between the living and the dead. The missionaries succeeded in suppressing the old beliefs, but they were never eradicated. It is argued by Guiart that the emergence of John Frum was a resurgence of the old beliefs in a new guise, John Frum being equated with the culture hero Karapenmun (Guiart 1956: 227-233).

The inhabitants of the Tannese spirit world are a mixture of mythical figures and the ancestors. After death, a man descended to Ipay, the land of the dead. There he joined the ancestor gods as well as other supernatural beings. Yet these divinities did not remain in Ipay. They might dwell in the bush or at the borders of the hamlets. At the edge of many yimwayim is a tabu place at which the ancestors or a particular spirit might manifest themselves. Thus the living are never very far from the dead. It is to the spirits in their sacred places that offerings are still made, for instance the first fruits of the yam harvest.

Associated with the ancestor cult is the ritual of kava drinking. Under the effect of kava one traditionally communed with the spirit world. Every

evening, nearly all the mature males of the island gather together at their yimwayim to drink the narcotic infusion. It is prepared by adolescent boys or young unmarried men in a prescribed manner. The effects are very potent, inducing a feeling of well-being, heightening the perceptions of the mind and increasing sensitivity to noise and light. At the same time it dulls the sensation in one's limbs and body. The so-called "One Day Kava", which is sold on occasion in Ure Cooperative store, is said to incapacitate the user for the following 24 hours. Kava is the principal competitor to beer but whereas the beer drinker is apt to become boisterous, kava tends to make the drinker quiet and reflective. A kava session is not the occasion for great debates and any conversation that there is takes place in whispers.

The missions prohibited the drinking of kava, seeing in it the public manifestation of the ancestor cult. Yet they could not wipe it out and the arrival of John Frum was marked by a massive return to kava throughout the island. Today the missions have learned to live with it and its use has been secularised to some extent. The older men are particularly strong on the ritual, while the younger men like drinking kava for the effect it gives. Women are not allowed to drink kava, to see it drunk or even witness it being prepared.

Magic continues to be used on many occasions, most importantly in connection with agrarian <sup>rites</sup> and weather. In 1968 the Ure Cooperative Committee paid an empty kerosene drum, worth \$16, to a local magician on the promise of bringing rain. The number of agrarian magicians is much less than formerly, largely due to the destruction of their magic stones by the missionaries. The skills of those now practising are demanded by people outside the magician's immediate group and his prestige benefits accordingly. There is still a latent fear of sorcery although the traditional sorcerers no longer practise their malevolent magic.

#### Custom and development.

Custom on Tanna is <sup>more than</sup> ~~not just~~ an assertion of traditional ways and beliefs. It is not a static anachronism and not the insurmountable obstacle

to "progress" that some administrators have seen. Custom has evolved and taken into account influences from outside. Many Tannese now see no incompatibility between Christianity and custom beliefs and both have been modified to reduce conflict. Above all, custom is a means to unite society and retain a cohesion in the face of the external pressures which beset it. It is a statement of identity. New Hebrideans are aware of this and on those islands such as Aneityum where custom ways have been lost, <sup>they attempt</sup> ~~there are efforts~~ to reestablish the old system. Tanna was the forerunner in reestablishing custom, particularly as a result of John Frum. The new ways were tried but led to social disintegration with few compensating material or social benefits in the eyes of the Tannese. Only ~~the~~ old ways, suitably reinterpreted, provided stability. The dilemma for economic development is put by R F Watters:

"Attempts at introducing development at grassroots level inevitably must challenge and overcome the obstacles of traditional social structures, values and behaviour patterns. Nevertheless, development in the Pacific means advance without transformation, for progress within the existing structure rather than seeking to create an entirely new structure" (quoted by Kidston 1974 : 18).

Custom can be built upon to bring beneficial and indigenously-desired change, and cooperatives have provided one way of achieving this in the New Hebrides.

#### Missionaries and traders

European visitors to Tanna were infrequent until the mid 19th century. Some sandalwooders and a few traders in commodities such as coconut oil, sulphur and sea slugs called in. The missions turned their attention to the island in 1839 when the London Missionary Society left three Samoan "teachers" on the East Coast. Three years later the first European missionaries stayed briefly but were soon forced to flee in fear of their lives. It was not until 1858 that missionaries were able to settle on the island. Among their number was the zealous John Paton, <sup>to</sup> ~~of~~ whom reference was made in chapter two. (p 62)

Paton remained on Tanna for five years, for much of the time in considerable insecurity, until he too was driven out.

The missionaries returned to Tanna at the end of the 1860s but unlike John Paton, they had no trouble from the local people. Even so, it took them

over a decade before the first converts were baptised. But by the beginning of the twentieth century, Christianity had been extended to most parts of the island, thanks in large degree to Paton's son, Frank.

European commercial incursions on the island did not make the same impact as elsewhere in the Group, partly due to the hostility of the Tannese. Labour recruiting vessels called regularly but there was always danger of attack. Their unfriendly reputation grew:

"The Tannese became known as the toughest natives in the Pacific; this being largely correlated with the presence of the toughest whites there 1850-1875, whites who survived through armed force." (Harrisson 1937:223).

European plantations were more or less non-existent although the infamous recruiter Ross Lewin held some land in the 1870s. His place became

"notoriously evil with shooting incidents and drunkenness" (ibid: 223)

However, the consolidation of Christianity coincided with the development of the cash economy founded upon copra. Around 1870 a few copra makers were in business on the island, exchanging trade goods for coconuts and then fabricating the copra themselves. Some employed Tannese to make copra for them in return for a set payment. From this emerged the system of indigenous entrepreneurs, linked to a trader. These either made copra on their own account, using the labour of their fellow Tannese, or purchased copra at a low price for resale to the trader.

The making of copra was strongly encouraged by the Presbyterian Mission which frequently acted as intermediary in the sale of Christians' copra. It was also seen as a means to provide the people with a cash income and so remove a motive for engaging with the labour recruiters. On the other hand, the missionaries saw the traders as a challenge to their authority on the island. There was mutual distaste, and in 1875 the traders, most of them British, appealed to the French authorities for support. In 1892 the opposing parties consisted of five missionaries and 13 traders, all British save a German and a Portuguese (Guiart 1956:130). The missions tried with some success to circumvent the opposition by installing traders from their own laity, who would not only trade in copra but evangelise at the same time. By the turn of

the century, four mission-sponsored traders were in business on the island and the battle for commercial control had swung in favour of the missions.

The next half century was to see a domination of the people, sometimes paternalistic, sometimes harsh, by the Presbyterian Mission and the British District Agent. Later came the emergence of the John Frum cult. The economic behaviour of the Tannese and their subsequent reactions to cooperatives must be viewed in this light.

The absence from the island of a government administrator left a power vacuum which the Presbyterian Mission ~~naturally~~ filled. From this the "Tanna Law" evolved which, the missionaries claimed, brought peace and prosperity to the island. The missionaries' lieutenants, the "elders", presided over courts and handed out fines and punishments, including imprisonment, floggings, and forced labour. There was even a de facto police force. Penalties were levied for all manner of offences, including the transporting of kava, working or swimming on a Sunday and attempting to board labour recruiting ships. The Christians used the courts to advance their own personal causes as well as enforcing Presbyterian morality. Sentences were frequently decided in advance of the trial and there was only one acquittal in six years (ibid:140). Traders and recruiters made repeated complaints to the French and British governments about the Tanna Law, which interfered with their businesses and affected their clients. Eventually, in 1912, with the agreement of the French, the British Residency appointed an agent, Wilkes, on the island.

The Mission continued to act as though Wilkes were not there and the District Agent accused both the missionaries and the recruiters of interfering in administrative matters. Eventually, the two governments promulgated a law declaring that the District Agent had to preside at all courts. He would be assisted by assessors elected from the local people and confirmed by the Agent. These assessors would only be able to advise; the District Agent alone made the decisions and no arrest or punishments could take place without his written authority. This system still operates.

Trouble between Wilkes and the Mission arose out of his opposition to the registering of native lands in the name of the Presbyterian Mission without the owners' consent. Relations were further strained when Wilkes made it known that he would permit dancing and kava drinking, which the missionaries regarded as immoral and unchristian. The conflict was resolved in 1915 when Wilkes left to join the army. He was replaced by James Nicol, ex-mechanic of the British Government yacht.

Nicol, a dour Aberdonian, was to be District Agent for the next quarter-century. From the outset, he acted in accord with the Mission. His first major measure was to order all the magic stones to be destroyed or thrown into the sea. Nicol's attitude to customary practices seems to have been discouragement without outright suppression. In any event, kava drinking and dancing were at a low level throughout his administration. Polygyny was prosecuted under the adultery laws, even though it was permitted by the Condominium Native Code. Nicol, for reasons of easier administration, also encouraged the formation of large villages under the aegis of the Mission.

In 1925 the French exercised their right to have a District Agent on the island and a succession of medical practitioners were assigned to the post. These occupied themselves for the most part with medical matters, leaving Nicol to handle the administration. Of more concern to Nicol was the arrival in 1932 of the Seventh Day Adventist Mission. As might be expected, the new mission was viewed with deep suspicion by the Presbyterian missionaries who accused the Adventists of proselytising Presbyterians instead of seeking to convert the pagans. Nicol remarked that the Adventists' adherents were using the new mission to press land claims. In its turn, the Presbyterian Mission was refusing to relinquish any land held by its Land Trust Board to "deserters" to Adventism (ibid:149).

A Catholic (Marist) Mission also set up on Tanna in the early 1930s but, unlike the aggressive Adventists, it preferred to become accepted before seeking to convert.

In 1939 the state of play according to Nicol was 3381 Presbyterians,

656 SDA, 72 Catholics and 1659 pagans (ibid:151). The Presbyterian Mission had lost support, but not only because of the incursions of the Adventists. Their large villages were beginning to break up under the strain of land disputes and the long distances that some inhabitants had to walk to reach their gardens. More fundamentally, the Mission was thought not to have brought any benefits. The drift away from the missions was soon to become a flood tide with the arrival of a strange Messiah.

John Frum. Repression and tolerance

In the latter half of 1940 Nicol noticed that the frequency of dances and kava drinking had markedly increased. In January 1941, at Green Point in the south west, people were gathering on the promise by a certain John Frum of receiving pumpkins full of shillings. In April Nicol left to tour Aneityum. It was rumoured that he had drowned and in his absence, a run on the trade stores started. Despite low copra prices, money poured in. Prodigious quantities of food were consumed in days and nights of feasting. People deserted the mission villages and returned to their original homes in the bush. By mid May attendance at the Presbyterian Mission Sunday Service was down to just eight people (Calvert 1976).

The physical description of John Frum is various but he first appeared at night, after kava. He appointed messengers, called "ropes", who were to carry his words throughout the island. He advocated communal work in clearing gardens and constructing houses (the money economy had eroded these practices) and gave instructions on the regulation of traditional exchange. A principal theme of John Frum was that the true Tannese customs were good and should be practised. In his later appearances came the millenarian predictions. Everybody had to leave the Mission in order to enter on the approved day the Church of John Frum. On his next coming European money would have no value and he would replace it with his own. As soon as there were no more shillings the whites would quit Tanna, John Frum would take over the government. Promises of European style houses and new schools were made. (Guiart 1956:155).

Fanastic rumours abounded but the general tenor of John Frum's words was that

if you followed him, the Golden Age would arrive when everyone would be happy.

On Nicol's return, he found the island in turmoil. Two leaders were immediately exiled to Vila and, by the end of 1942, 29 men had been deported from Tanna, all without trial.

The repressive action did not succeed in its aim. The cult spread and the centre of attention switched across to the east coast at Ipekel. The story here was that three sons of John Frum had arrived by plane from America (the first hints of pro-Americanism) and were being looked after by the notables of the village. The sons had come in order to represent John Frum in the three most important areas along the east coast. The son assigned to Ipekel was Isak. In 1977 the inhabitants of this village were still known as the Isak people and this remained the main centre of the cargoist variety of <sup>the</sup> John Frum cult. In 1943 there was an attempt to build an airfield in north Tanna so that American planes could land, laden with John Frum's soldiers. This was only suppressed after the intervention of a military force from Vila and by making mass arrests.

In 1944 Nicol died in a motor accident. A curious figure on the Tanna scene, it is hard to assess what effect his personal interventions had on the course of events. A man more sympathetic to Tannese aspirations may have headed off the emergence of John Frum but the seeds had long been sown. Nicol's last report is worth quoting for his view that:

"It is quite evident that we may expect some sporadic attempts to renew the John Frum movement every time some mad coon gets it into his head that he is John Frum. And that there is also a very strong feeling in favour of any one who raises the standard" (ibid:188).

In the following years, John Frum was quiescent but an incident occurred in East Tanna in 1947 when the trader Bannister's store was raided. Some men, acting on the orders of John Frum and Isak, jumped over the counter and tore off all the price stickers. John Frum objected not to the stickers themselves but to their colours which to him represented blood, illness and death. No violence was occasioned but, as Bannister's business was partly

owned by CFNH, the French District Agent took the opportunity to demonstrate his power on a hitherto "British" island. The three ringleaders were sentenced to five years imprisonment and deported. Another 11 were sentenced to two years in prison and the village from which most came was burnt down.

The fear of deportation <sup>apparently</sup> served to keep the movement underground for a few more years. In 1951 forced labour was introduced for road construction and early next year the price of copra fell drastically. This was the prelude to a new outbreak of millenarianism followed by the usual spate of arrests and exile.

In 1952 marks the last year when active measures of repression were taken <sup>for the last time</sup>. However John Frum did not fade away, he became institutionalised. It took some years for overt allegiance to John Frum to emerge. In 1959 the British District Agent estimated that 70% of the population were "John Frum", 15% were "neo pagan", 5% pagan, 6% Presbyterian, 2% Seventh Day Adventists and 1% Roman Catholic. For much of the 1950s tension existed between John Frum adherents and Europeans. According to one British District Agent, as late as 1957 several of the traders went about their business with loaded guns. There were militarist aspects and drilling with mock rifles was organised. But by 1963 it was reported that the movement had reached a non-militarist and harmless phase. The traders were beginning to benefit from the new laissez faire policy.

"The attempts to boycott the traders, the destruction of money and the threat of violence (real or imagined) are considered to be things of the past ... It is clear that the policy of non-repression has eased this tension, now the John Frum dances and celebrations bring an increase in spending in the stores on imported foods and clothing, with a consequent stimulus to copra production; traders have even been encouraged to set up stalls on the dancing ground at Sulphur Bay (Ipekkel)" (British District Agent's Report 1963).

In time John Frum even entered into the tourist industry when, by agreement with the local white trader, the Ipekkel people guided tourists up their volcano and around their village.

The late 1960s to the early 1970s was a period of consolidation for John Frum. There were few incidents, although rumour was never far below the

surface. The Isak people at Ipekel made most of the running but the show business manner in which they proceeded and their claim that their's was the true way of John Frum aroused resentment in others. Variations on John Frum were, and still are, continually evolving, but the divisions were to coalesce into three main groups: (a) those who believed that the main message from John Frum was that they should adhere to the old ways; (b) the Isak people, who stressed not only custom but John Frum dancing and ceremonial (in this group the cargo element was strongest); and (c) those who had returned to the Presbyterian Mission and sent their children to the European's schools. These argued that John Frum had said that they must take the best from the European's world and the best from custom. It has been this group which has promoted cooperatives. To date the Isak people have rejected cooperatives, associating them with government. In 1974 the Presbyterian Missionary estimated that there were two to three thousand Christians (group c), a similar number of John Frum (Isak) people and seven thousand custom. John Frum continues to flourish and there is now a John Frum political party, allied to the UCNH national political party. UCNH also formed a party for the custom people, "Kapiel" (custom stone). The three parties together with Tab we-massana of Santo, are collectively known as the Tan-union. The Presbyterian Mission-oriented group support the Vanuaaku Party. In the 1975 Representative Assembly elections the results were:

Iolu Abbil, Vanuaaku Party	1225
Aisia Nokout, John Frum	930
Charles Nako, UCNH	923
Joe Joseph, Vanuaaku Party	585
Kissel Lop, Kapiel	213
Tom Numake, Non-party	32

Abbil, Nako, Lop and Numake are associated with cooperatives.<sup>3</sup> There were considerable abstentions by the non-aligned custom people; perhaps 50% of the possible electorate did not vote, but because of refusals to register on the electoral role it is difficult to assess this accurately. In July 1976 the John Frum people at Ipekel received the final seal of approval when the

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3. Abbil's family were prominent in Ure cooperative. Numake was a former chairman of Lenakel Cooperative. Nako helped found and run Groupement Agricole et Maraicher. Lop initiated the AAMI Groupement.

French High Commissioner from Noumea visited their village.

Despite the various interpretations of John Frum, the underlying theme is constant:

"the dream which haunts their spirits hardly varies, offering throughout the same double aspect, to rid themselves of the physical presence of the whites and conserve for themselves their power, their wealth, all which makes up their standard of life" (translated from Guiart 1956:225).

Guiart considered that the wish for material goods was "perhaps the most intense collective desire of the neo-pagans" (ibid:181). Yet the expectations of cargo have not dominated except for short periods. The emphasis has been on getting rid of the European system and reinstating custom.

I do not intend to elaborate the causes of the John Frum myth but their complexity may be seen from the number of explanations which have been put forward: (a) oppression or exploitation by whites - the Presbyterian Missions, the traders, the administration (Worsley 1970, Guiart 1956, Rice 1974); (b) reactions to economic depression (Worsley 1970, Allen 1960); (c) return to custom, in particular marital exchanges, to resolve conflicts and reverse social disintegration resulting from the imposition of an alien system (Brunton 1974, former District Agent Leaney); (d) failure to give material benefits, coupled with suppression of valued traditions (Guiart 1956); (e) means to gain power by "frustrated teacher catechists who were within the Presbyterian hierarchy but too far down the peck order to have any hope of achieving any reasonable status" (Calvert 1976); (f) a move for autonomy through the restoration of the more democratic traditional system (Guiart 1956). All of these have some validity but not all explain the persistence of John Frum over the years. Most cargo cults die quick natural deaths but the John Frum cult has lasted because it is not purely concerned with cargo. It has been easy to identify in John Frum the old culture heroes. The rationalisation of John Frum's precepts with Christianity is also a simple step. Today there are very few Tannese, Christians included, who do not believe in the ideologies of John Frum, if not in his incarnation. The myths have provided a ready framework within which the cult has been able to develop. The general

movement has been periodically recharged by external factors: the coming of the Americans, forced road building and now national politics. One thing is clear, John Frum will not rapidly fade away and any planned economic development on Tanna will have to take account of this.

The growth of cooperatives on Tanna.

Traders and competition.

As we have seen, the Tannese cash economy was controlled by the European traders. By 1945 they had achieved a position where a cartel was effectively being operated. In February of that year, one enterprising Tannese complained to the British District Agent that certain traders had threatened him with prison for daring to send his copra direct to Vila (ibid: 193). The Vila price he received was £20 per ton as opposed to the Tanna price of £12. The first major attempt to break the Tanna cartel was in 1947. Three assessors on the west coast invited a M. Edward Pouillet to set up at Tanna as their agent. This had been arranged by the District Agents as a way of diverting interest from John Frum. The idea was that Pouillet should run the company, paying for copra partly in cash, partly in goods. The proceeds of the venture were to go to the company's backers after Pouillet had deducted his expenses. The company provided him with a corrugated iron building, purchased for four hundred pounds from a Chinese trader. Pouillet built himself a house and business began in a big way. The immediate result was that the company's members received from him £25 per ton instead of the ruling local price of £15. But after only a few weeks, a quarrel broke out with the people of Louaneai (site of Ure Cooperative's store) and Pouillet withdrew from the arrangement. He retained the store and continued in business on his own account.

At the outset, the other traders were outraged by Pouillet's arrival on the scene. Letters of denunciation against the District Agents, who were instrumental in bringing him in, were sent to the Resident Commissioners. Their anger was understandable as he threatened to break the cartel. Their tenets were that they did not attempt to compete against one another, the

copra price was set as low as possible, and none would deal with the clients of another. According to trader R U Paul, the five cartel members met every three months to fix prices and were supported in their activities by the Presbyterian Missionary. Once on his own, Pouillet soon came into line, although he never participated formally in the cartel and retained the reputation of paying a little more than other traders. Yet in 1950 he was buying copra at £35 per ton while on Malekula to the north, the price was £70 (ibid:197). The next year another newcomer, Danslow, arrived and forced the Tanna price up to £78; the Vila FOB price was about £100. But with a falling world market price, the competition could not be sustained. Prices fell to £30 by the beginning of 1952 and Danslow had to give up. About the same time R U Paul, a former super-cargo on Burns Philp's trade ship and later a trader on his own account in the central and northern islands, came down to Tanna, at the invitation of some local people. Despite being threatened with violence by one of the cartel members, he was able to buy an existing business at Lenakel and so provide the first sustained opposition to them. In 1953 he went bankrupt but re-established himself with backing from Burns Philp (his store is on their land). He is now the oldest-established trader on Tanna.

At the end of 1952, there were eight traders on the island: Pouillet and his partner; R U Paul; and five cartel members. All but two were French. In 1959 there were only four European trade stores left. In 1977 the position was similar. The French commercial house CFNH had two stores, Australian R U Paul had one main store at Lenakel and a small branch on the other side of the island, and a Frenchman, Santino, ran a store at Whitesands, east Tanna. In addition a German, Franz Buhler, ran the John Frum store at Imanaka to the north of Ure Cooperative.

The attitude of the Tannese to traders at the time of the cartel was that they were robbers and were responsible for the continual adverse fluctuations in price. The main tactics open to the producers were to play off one trader against another by rumouring that the cartel was being breached, or to stop

production in the hope of forcing the price up. In mid 1952 the copra price reached a low level and production stopped completely over most of the island. The comment was that "If there isn't any copra, we won't suffer but the traders will die of hunger and will have to plant manioc" (translated from *ibid*:198). The embargo lasted for over six months.

It is difficult to assess the degree to which the Tannese complaints were justified. Trader R U Paul alleges that when the Vila copra price reached £80, the Tanna cartel was fixing prices at £23 with freight at £4. But there is no documentary evidence of this. Guiart gives no figures for traders expenses in 1952, although he claims that store mark-ups yielded a net return of 70%. Wilson in a 1958 survey of 15 traders, including six from Tanna, estimates an average gross profit margin of 25% on trade goods, which is hardly exorbitant. (1966:77). For copra, Wilson supplies figures for two Tanna traders (*ibid*:72). At a Vila price of £45.10.2 in August 1958, copra purchased at £25 in the bush yielded a local net profit of 16/2d to one trader and just 2d to the other (shrinkage, freight and cartage being the main expenses). To this must be added a further £7 to £10, being the net return after the copra is sold at Marseilles. For copra purchased on the beach at £32, the net profit was £1.16.2., there being no shrinkage or payment to the Tannese purchasing agent. Thus net profits could range between 15% to 27%, again not unduly high considering the risk of the final market price dropping. However, by the time of Wilson's survey the worst abuses had been corrected, the Tanna cartel had been broken and indigenous competition was beginning to develop.

#### The Native Cooperative Society at Lenakel.

A second attempt to set up an independent indigenous copra/trade goods business was begun in December 1950. Four men around the Lenakel area raised £150 to start the "Native Cooperative Society". Further capital was raised at £10 or £20 a share, the money being lodged with Burns Philp in Vila. Although a leading light was a man from the Presbyterian Mission, the missionary kept himself apart from the Cooperative's affairs. The business

was launched in 1951. The first year of operation did not produce a profit but in 1952 the store profit was £400 and the copra profit was about £100; this last for only two months' trading. The Cooperative did not have sufficient capital to buy all the copra delivered to it and an arrangement was entered into with the trader R U Paul. He loaned the necessary cash and transported the copra to the dock. The day the copra ship arrived, Paul purchased the copra and shipped it through Burns Philp on his account. This system meant in time that the Native Cooperative Society became little more than an agency of the trader, selling its copra to him and buying its store goods from him. However, the Native Cooperative Society was the forerunner of the first true cooperative in the island, Lenakel Cooperative, whose store stands on the same site.

#### The indigenous businessman.

The general model of indigenous business was as an offshoot of the European trader. Many villages had a small store run by a local man. In practice he would be little more than a storekeeper for the trader, receiving a fixed wage or a cut of the turnover. At one time R U Paul supplied 20 such stores. A major obstacle to independent trading was that the Tannese were at the mercy of the ship owners and had no control over freight rates or space. Fully independent businesses were few and far between, usually lasting for as long as the proprietor had sold off the stock that he had purchased. At the time of Guiart's visit in 1952, there was one private business operating in South West Tanna. The owner, James Yehnayeu, had considerable status being a lamni lao (yani niko), the main assessor for the west coast, an ex-Presbyterian teacher and one of the principal Seventh Day Adventists. He was involved in the Pouillet company, and, after its demise, had opened a store in his village which he stocked by visits to Chinese merchants in Vila. He also bought in bulk from local European traders and sometimes purchased copra for resale to them. His other activities included clothes making and operating a bakery. Yehnayeu's ambition, like that of many Melanesian businessmen in the islands, was to

purchase a boat in order to deal direct with Vila. A major effect of cooperatives was to sweep away most indigenous private stores and, in Yehneyeu's village, Tanben Cooperative was set up.

Iarkei Cooperative Society, the Waisisi Native Company and the Moses Copra Marketing Society.

The third major effort at establishing a quasi-cooperative business was in 1958. At the Presbyterian Mission station on the east coast, a "cooperative" was created under the supervision of the missionary. Some local people had approached him for advice on how to obtain a truck and some galvanised iron roofing. On his suggestion, the Iarkei Cooperative was set up to achieve these aims. Capital was raised by contributions of £1 per share and a trade store was also opened. The missionary laid down a set of rules, including no credit and a 25% mark-up on cost. Any necessary labour was supplied on a voluntary basis but the storekeeper was paid a wage. In due course enough profit was made for a downpayment on a truck and the truck was delivered. It was used as a taxi rather than to cart copra as intended; the society never marketed copra. The outstanding balance was soon paid off and the original target having been attained, the cooperative lost its impetus. The missionary went on leave and the cooperative's affairs become "rather less than healthy" (Wilson 1966:85). Inadequate bookkeeping, overordering, undercosting and the giving of credit were contributory factors in the decline. The return of the missionary restored regular supervision and the business was kept going. Interest on share capital was paid out regularly from 1959 to 1961 (@ 5% to 10%), thereafter a bonus on patronage was introduced in line with cooperative principles. In 1962 store takings were about £10 to £12 a day and the truck was still operating.

When cooperative legislation was passed in 1962, Iarkei was put forward as a probationary cooperative society, the first on Tanna. The British Cooperatives Department agreed to supervise, even though Iarkei was a cooperative in name only. The inevitable happened, the missionary left and his successor did not see it as his job to run the society. Internal

dissension broke out and the business deteriorated. The Cooperatives Officer commented that:

"Iarkei Cooperative Society on Tanna was the only former native company/cooperative which it was attempted to remould as an orthodox cooperative society.<sup>4</sup> In fact, this has been the least successful of the societies formed, due in part to the prevalence in the area of the John Frum cult and in part to the dissipation of the original keenness of the members" (British Cooperatives Department Annual Report 1964).

The mention of John Frum was something of a red herring, the underlying causes of failure being that the cooperative was the creation of the missionary, not the people, and that the rationale was lost. The society ceased trading in 1965 and was formally dissolved in January 1966. At liquidation it was solvent with assets of £210 plus the truck. The shareholders received their money back in full. This ensured that the failure of Iarkei ~~would~~<sup>did</sup> not damage the reputation of cooperatives on Tanna.

From among the membership of the Iarkei Society, a leading member, Pastor Barnabas Narweang, formed a new company, the Waisisi Native Company. Started before the ultimate collapse of Iarkei, the company had some forty members. Share capital was £645. The store was well-stocked and a bookkeeping system was in operation. The merchandise was "sensibly priced and chosen" and reserves of cash held were sufficient to cover liabilities. (British Cooperatives Department tour notes 1965). Copra was purchased for sale on consignment and a launch was used to collect it from various points along the coast. In addition an old truck was being fitted out with a reconditioned engine and this, together with the old Iarkei truck which the company took over, was expected to boost the copra business.

Pastor Barnabas was keen to turn his company into a cooperative and the Cooperatives Department was approached. In view of the collapse of Iarkei, there was reluctance to supervise a similar organisation. However, the Cooperatives Officer did not wish to discourage the people and agreed to the

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4. This is not strictly true as the first two cooperatives on Malekula were developed from native companies, as were others elsewhere. However, in these cases the companies were first wound up and the cooperatives started from scratch. With Iarkei, business continued uninterrupted.

supervision of the copra marketing side if this were hived off from the rest of the Company's activities. It was also thought that copra marketing would be less likely to induce factional differences and problems of credit would be avoided. Thus in March 1966, two months after the final disintegration of Iarkei, from its ashes the Moses Copra Marketing Cooperative was formed. Pastor Barnabas, although barred from the committee because of his association with the Waisisi Company, was in effect in charge of the cooperative; Moses was the name of his son.

The immediate effect of the cooperative was to raise the copra price in the locality. In 1962, when the Vila price was £37, the east Tannese were only receiving £20. In March/April 1966, the Vila price was about the same (£39.10), but the cooperative was buying at £30-35. Business was at a reasonable level, averaging purchases of over three tons a month from April to July. The first two inspections of the Society revealed its operations to be satisfactory, but in September the first symptoms of trouble appeared. It was discovered that Pastor Barnabas was using the cooperative's money to purchase trade goods for his Waisisi Native Company (WNC). Yet the business was expanding rapidly and from October to December copra purchases averaged over 14 tons a month. By the end of the year Pastor Barnabas made an agreement with Burns Philp commercial house to purchase a land rover in exchange for 30 tons of copra. The transaction was to be made through the WNC's account with Burns Philp. The truck would belong to the WNC but the copra in payment would have normally been sold to the cooperative. There was nothing the Cooperatives Officer could do about this, as most of the Marketing Society's members were also members of the WNC. He made it clear to the people that, as the company had started marketing copra, it was a "waste of time" for the cooperative to continue. The position was further complicated because the WNC was on the verge of collapse:

"the company seems to be providing a copy book example of how a native company collapses. It is established largely on credit and is trying to imitate established traders in its scale of operations without appreciating the need to limit expenses. In addition it gives out goods on credit to members". (British Cooperatives Department Tour Notes 1967).

As the membership of the company and the cooperative overlapped, the collapse of the WNC was likely to bring down the cooperative as well.

The first, and last, final accounts of the cooperative revealed a useful net surplus of \$646 on a turnover of \$8226. In the normal course of events, the probationary cooperative would have been registered as a full society. Yet the members were prevailed upon to wind it up. The Cooperatives Officer cited three grounds:

- (a) "the Pastor is so completely the leader of the people in the area that it is in effect he and he alone who directs the cooperative, although holding no office in it, and makes a mockery of democratic control,
- (b) the cooperative, under the Pastor's direction, has been ranging far and wide buying non-members' copra miles outside its area of operations. It has in fact been acting like a company, not a cooperative established for the good of its members in a clearly defined area. It has become an organ of the pastor's anti-trader drive.
- (c) as the Native Company's creditors become more pressing, the cooperative's assets will begin to disappear and it will become involved in the eventual collapse of the company". (ibid).

Members shares were repaid in full, those who were not members of the Company received a share of the profits and the rest of the assets went towards paying off the Company's debts. The good name of cooperatives was upheld. The members were loath to see their cooperative wound up and would have preferred the Waisisi Native Company's truck to be sent back:

"It appears that, even on Tanna, the status symbol of having a cooperative is now more important than possession of a brand new large Land Rover"  
(ibid)

Thus, the first two cooperatives on Tanna formed under the Joint Regulations of 1962 were liquidated, the first liquidations anywhere in the New Hebrides. But both Iarkei and Moses Marketing were constructed on unsound foundations. Iarkei Cooperative Society was the idea of the missionary and only his firm supervision held together an otherwise disunited membership. The Iarkei faction that eventually set up the Waisisi Native Company and the Moses Marketing Cooperative was dominated by one man, Pastor Barnabas. There was no pretence at democratic control and no conception of the difference between a cooperative and a company. The Cooperative Department hoped that the cooperative would be run independently of the company, but the force of

Pastor Barnabas's personality and his local influence<sup>5</sup> meant that this was a non-starter. Its fate depended upon him - a "stubborn man not open to advice and who does not understand dollars very well and statements of account not at all" (ibid). The Waisisi Native Company as such did not survive. Barnabas retained the truck and boat and eventually set up in business again for himself. His clients were initially from a custom village with which he had kin ties. The outcome of the WNC venture had lost him the support of the Waisisi people (Bastin pers. comm) and when the Kasali Cooperative at Waisisi was formed in 1970, the Pastor was not involved. Future cooperatives on Tanna did not develop from missionary or other outside sponsorship or arise out of schemes for aggrandisement by any one important man, but drew their strength from being essentially communal grassroots movements.

The first "dual purpose" cooperatives.

The initial moves to form cooperatives came largely from the indigenous copra producers who thought, with some justification, that the traders were manipulating prices for their own ends (Guiart 1956:198; M.D. Allen 1960). The Cooperative Officer's view in 1964 was that:

"Tanna is certainly the island where cooperatives could do most to help the people. If the people can be persuaded to accept help and if they can be organised to sell on consignment, the price they receive for their copra could be almost doubled" (British Cooperatives Department papers 1964)

Cooperatives as trading organisations were not selected by the people because they were ideologically preferable to capitalist businesses but because in their organisation they were not much different from the familiar native companies and moreover they had the backing of the government. During the 1950s cooperatives as a means to combat John Frum came into favour with the local administration: "Cooperatives are one of the immediate answers to the John Frum Movement because they provide something concrete and visible" (British District Agent's report 1959). Former District Agent M D Allen also advocated

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5. Barnabas's authority was drawn both from his status in the Church and from his being a descendant of the original inhabitants of the area. Most of the Waisisi people were migrants.

cooperatives for this reason, especially if they marketed new cash crops needing processing equipment that provided "both the necessity for communal ownership and the outward symbol of it" (Allen 1960). Yet the very interest that the administration and the Presbyterian Mission paid to Cooperatives proved counter productive. The Isak faction saw it as a government plot against them. Having come to an accommodation with the trader, they boycotted cooperatives and even actively opposed some societies on east Tanna (in particular Ramasana Cooperative Society). 20 years after the formation of Iarkei Cooperative, few of the Isak people were members of either British or French Cooperatives. Only on Aniwa island, where there was little alternative but to sell through the cooperative, was there any significant John Frum involvement in it.

As the custom people were little interested in the mechanisms of the money economy, the field was left to the faction who had realigned themselves to the Presbyterian Mission. In their interpretation of John Frum, they saw no conflict in using the Cooperative Model to compete with the trader at his own game. The failure of Iarkei, skillfully handled by the Cooperatives Officer, had not damaged the reputation of cooperatives. On the west side of the island, the people around the Presbyterian Mission at Lenakel were the next community to organise a cooperative. The potential members, nearly all having coconut palms, wanted to start a marketing/retail cooperative. Unlike Iarkei, their enterprise was entirely self-conceived. The capital was raised on their own volition and they had found themselves a secretary. The Cooperatives Officer tried to persuade them to limit themselves initially to a native company but they insisted on forming a cooperative. In April 1966, Lenakel Cooperative opened its doors. Its first chairman was the assessor for the area, the son of one of Frank Paton's principal supporters. The first secretary was from Malekula. 35 members had contributed £15 each. Copra was bought at about £7 below the full Vila price.

The ambitions of the Lenakel group aroused the interest of the neighbouring copra-producers. Around Louaneai, a few miles up the coast, the people told

By the end of 1967 the two societies had increased their memberships. Lenakel was said to be doing "very well indeed". Some slackening of interest was detected at Ure which was put down to the secretary's drinking habits and his interest in a local girl. He was removed within the year. Both societies returned increased surpluses; Ure making over \$7000 net (\$5000 from copra) and Lenakel \$2800 (\$600 from copra). Improved shipping facilities and a slightly better copra price enabled Ure to market nearly \$30,000 worth of copra in the twelve months to August 1968. However Ure's secretary problems had left their mark; cash and stock shortages exceeded \$2000, and the following trading year showed a decline. In a year of higher copra prices, copra turnover fell to under \$6000 and store turnover was down by 40%. The net store profit was \$2600 but copra lost \$180. Lenakel also had problems; the chairman was dismissed for "slackness" and their secretary was accused of causing shortages by taking goods on credit for himself. But their net profits were the highest yet, over \$4000, most of which again came from the retail side.

The proliferation of cooperatives on Tanna: 1969-1972.

By late 1969, despite their managerial difficulties, the two British cooperatives were in a strong position. Their copra purchases had reached 25% of the traders' total west coast business. Lenakel's membership was up to 61 members and Ure had 56 members. By now both had local secretaries and the societies could consider themselves as genuine locally-owned and operated businesses. Other communities wished to follow their successful example and had sent secretaries for training. The first two French-supervised cooperatives were set up in 1969, one for the custom people of the Middle Bush (98 members), the other in the Green Point District where John Frum had made his first appearance. This last was to serve the hamlets around an outstation of the Catholic Mission.

In 1970 there was further expansion. In February, in the Lenakel area, Kahut and Tanben Cooperatives opened their doors. Tanben was sited in the Seventh Day Adventist village of Bethel and its 60 members were drawn from Adventists, Presbyterians and custom people. In March the first dual purpose

cooperative was opened on the east side of Tanna. This was the French-supervised Iao-Hou society at Loanialu. In June the Waisisi people returned to the cooperative fold and opened the Kasali Cooperative, "kasali" meaning "search for something". The Kasali chairman had formerly opposed the Waisisi Native Company on the grounds that it was dominated by pastor Barnabas (Bastin pers.comm). Finally, at the end of the year, a fourth French-supervised society was opened at Imaki, south-east Tanna, again near a Catholic Mission station.

For the two original cooperatives 1970 was another good year. Lenakel's net profits were slightly up and exceeded \$6000 helped by high returns on copra. Ure's stock and cash shortages were still over \$1000 but on a store turnover double the previous year's. In 1970 Ure became the first cooperative on Tanna to be given a licence to sell wine and beer, thus breaking the traders' monopoly on alcohol sales. They were also able to buy a tractor and trailer for the collection of copra and the cartage of goods.

1971 was to be a year of further expansion in the number of cooperative societies but this time the running was left to the British Cooperatives Department. The French Chief Cooperatives Officer had given up visiting the southern islands, alleging that the French District Agent was interfering so much that his job was made impossible (Youngjohns 1972). In March 1971 Sosary Cooperative began operations in the isolated south-east of the island. Then, in April, three more small societies were opened: Ramasana, near Port Resolution Ipip on the north-east coast and Narvi in the Green Point district, not far from the French-supervised cooperative. Narvi, although its name means "new thing", in fact developed from a native company. Members were drawn from both Seventh Day Adventists and custom people. All the existing cooperatives returned profits, despite the consistent and rapid fall in the price of copra during the year. This decline in price persisted into 1972 which, together with cyclone damage, effectively put a stop to the growth in cooperatives. Only one new society, the small British-supervised Keme ("last one") Cooperative Society was able to start business. Keme was situated in the Middle Bush

district where the main cash crop was vegetables, not copra. The economic depression had its effect on business results but most societies managed to turn in modest profits. Ure was an exception. In its worst year so far, it recorded an overall loss of \$120. Its stock and cash shortages amounted to over \$2000, partly due to credit, partly to mistakes in the bookkeeping. Kasali had problems with their secretary over drunkenness and personal credit, and the chairman was forced to take over the job.

#### Recovery and Expansion 1973-1974.

1973 was generally a year of recovery, following upon an improving copra price, but Kahut, Narvi and Ramasana produced poorer results, all experiencing secretary trouble. Ramasana also met opposition from the John Frum (Isak) people. With store sales of under \$2000 and just four tons of copra sold, it was on the verge of bankruptcy. Ure and Lenakel both had store turnovers in excess of \$20,000. Keme had an excellent first full year's business with store sales of \$9000 and a net surplus of over \$1000. It was involved in an experimental airfreighting of potatoes to Vila. Also in 1973 two concrete block-making societies were created; the first, and only, "industrial" cooperative societies in the New Hebrides. Both of these had been developed by the Presbyterian Mission and served to provide cheap, good quality building blocks. The members were paid a small wage for their labour (the secretary received \$1.20 per hundred bricks) and, if there was a profit, they received a bonus in proportion to the wages that each had been paid. The west Tanna concrete block-making society at Isua had a membership of 64 with shares of \$2 each, while the east Tanna society at Iarkei had only 10 members with shares of \$40 each.

1974, a year of very high copra prices, allowed further expansion to take place. Six more British-supervised cooperatives were opened; three in west Tanna; one in a custom area of central Tanna; and two in the east, including the Whitesands Cooperative (86 members) within two kilometres of Ipekel John Frum village. There were no Isak people among the Whitesands membership; support coming mainly from Presbyterians and a few government employees. Of

the new west Tanna cooperatives, one was a consumer-only society on the government station (Isangel) and another was an offshoot of Ure to serve the village of Loukatai. Four Ure members joined this society, one becoming the chairman. A new French-supervised society was opened at long last: Tamalau Cooperative in the neighbouring village to that of pastor Barnabas. More importantly, the first quasi-production cooperative, or "groupement", in the New Hebrides was brought into operation in the Middle Bush to farm vegetables on a five hectare plot. Basically a refinement of the existing work company principle, the Groupement Agricole et Maraicher (GAM) comprised 40 members. The land belonged to one man only and a small rent was paid to him. A wage was paid to those who worked the land. The profits, if any, were split among the member-workers according to the number of hours worked (i.e. wages paid). Good supervision was provided by an Agricultural Department monitor who lived in the area and had helped found the Groupement. In its first year of operation, GAM marketed over \$11,000 worth of vegetables (34 tonnes of potatoes, ten of taro, four of sweet potato, three of yam, and five of other produce).

Another important development in 1974 was the establishment of the Southern District Cooperative Association bulk store at Lenakel anchorage. This was staffed and financed by the Federation. The advantage was that large quantities of goods could be kept in stock, allowing cooperatives to be restocked without waiting for shipping. SCAF was to open its own bulk store in the following year. The Federation also built a copra dock at their bulk store and began local purchases of copra at the full Vila price.

The copra and vegetable boom of 1974 helped the societies to return good results. Lenakel and Ure each had net surpluses of over \$5000. Kasali and the French-supervised Pidgin Egg of Middle Bush were not far behind with net profits of \$4500 each. Kasali and Ure both marketed over \$25,000 worth of copra. In 1974 the copra tonnage marketed through British-supervised societies (the French-supervised concentrated on vegetables only) was now more than double that sold by their old rival R U Paul and 75% of the quantity

marketed by CPMH. Even then the average turnover per British-supervised society in the Southern District of the New Hebrides was the lowest in the group; less than half the average of societies in the next lowest district (Central District No. 2). Member expenditure per society was also bottom of the list with Southern District members spending only about 60% as much as members elsewhere in the group (British Cooperatives Department Annual Report 1974).

Some societies had problems. Narvi's secretary was accused of misappropriating cash and goods. At Kahut store credit was becoming excessive and the secretary and committee showed little interest in their cooperative. Sousary did not market any copra, mainly because of transport difficulties, and Ipip only sold seven tonnes. Like Sousary, Ipip is in an inaccessible area where there are comparatively few people to support it. Keme marketed a greater value and quantity of vegetables but its store sales fell by 13% and its profits suffered accordingly. Some of the trade may have gone to the nearby Pidgin Egg store which had a record turnover of \$16,000. This made it the third largest retail cooperative on the island after Lenakel and Ure. Ramasana did not pay out a dividend in 1974 but it improved its business markedly, selling over \$10,000 of copra. Lenakel had been granted a beer and wine licence during the year and this contributed to its record store turnover of \$35,000. It also marketed \$16,000 worth of copra. Nevertheless, Lenakel had its difficulties. Its truck turned out to be a serious liability and lost \$1560 in the 18 months to November 1974. The secretary proved to be incompetent and was replaced, leaving behind him a stock shortage of nearly \$1400. However, the new bakery was a successful venture, yielding a net profit of \$1450. Tanben Cooperative had disputes within the membership. The Seventh Day Adventists objected to the sale of cigarettes in their village. The business was therefore shifted to an old store building a little distance away, owned by R U Paul. Some of the Adventists eventually withdrew from the society.

One other event late in 1974 was the creation of the Tanna Fishing Company. This was intended to provide fresh fish for sale on the island. Five

cooperatives - Lenakel, Tanben and Ipip in west Tanna and Kasali and Whitesands in east Tanna - contributed \$200 each towards the purchase of a boat. The chairman of the company was the former Lenakel secretary. The company had not started operations by 1977, although it had made a profit from bank interest and contributions of overseas aid.

Failing enthusiasm 1975-1977.

1975 saw a slower growth in the number of cooperatives. Two very small British-supervised societies, each with 21 members, were opened, one in the Middle Bush near Pidgin Egg Cooperative, the other in east Tanna. There were also two new French-supervised societies in west Tanna, providing competition to the British societies of Ure and Isangel. Nauten Cooperative's store was within 300 metres of Ure's while Napeuk Cooperative's store was only a hundred or so metres away from Isangel's. Nauten drew its support from a French-oriented group who were politically opposed to the dominant people in Ure cooperative. The chairman of Nauten, the son of one of the original Ure committee members, had been forbidden to set foot inside Ure's store. A few of Nauten's 28 members were also members of Ure and many of the remainder had kin or affinal relationships with Ure members. Later in the year, Ure opened a branch store further inland and managed to increase its membership thereby (to 73). Napeuk Cooperative was formed under the inspiration of the French District Agent to serve French government employees who hitherto had used the Isangel Cooperative store on the adjacent British Government station. In 1975 the French Cooperatives Department also began supervising a second "groupement", the Animation Agricole et Maraichere d'Ipilimai, south of Lenakel. This was started the previous year as a village project under the French Government Animation Rurale scheme, 15 members collectively farming a one hectare plot. Towards the end of 1975 a cooperative store was added.

Cooperative vegetable production in 1975 was hit by bad weather. The potato production of the largest suppliers, GAM and Pidgin Egg, was down by nearly 50% while Keme's potato crop fell by 25% and other vegetables by 50%. Marketing problems remained, particularly poor shipping and storage facilities

and the difficulty of gearing output to demand. Regular airfreighting on a thrice weekly basis was successfully carried out from June to November. More significantly, an agreement was concluded between SCAF and the Federation for SCAF to market all Tanna vegetables.

The economic performance of cooperatives during the year was below that of 1974 due in part to a rapid fall in copra prices. The FOB price in June was just 15% of the price obtaining twelve months previously. Most societies profits were down, although some recorded higher figures where 1974 revenues were carried over into the 1975 accounts. Ramasana continued its recovery and Isangel Consumers, despite theft by its secretary, produced a reasonable first surplus of \$1600. Consumer sales at Isangel were nearly \$30,000 during the year and its retail business surpassed that of Ure. Ure's sales actually fell in money terms, possibly an effect of the Nauten Cooperative. Lenakel remained the largest retail cooperative with a turnover of \$36,000.

Interest was declining at a number of societies. Secretary and credit problems were becoming more commonplace. The new society of Iakarapam had three secretaries and as many chairmen within a year. Credits and cash advances were allowed and the untrained secretary could not cope with the work. Narvi Cooperative had appointed a new secretary but he proved little better than his predecessor and he too was replaced. Narvi purchased no copra at all between June and August and store turnover was two-thirds the level of 1974. The members were said not to have the "slightest interest" in their society. At Kahut credit and cash advances continued, even though Cooperatives Inspectors had continually warned of the dangers. The internal dissensions at Tanben Cooperative had eroded support for the society and by mid 1975 outstanding credit and cash advances totalled \$2300. Lenakel had a particularly depressing year, its profits fell by over half and it marketed only about \$2000 of copra. Credit was rife and the committee ineffective. Worst still, the secretary had been helping himself to the cash and stock and on occasion had been found drunk in the store. In October an inspection discovered a cash and stock shortage of over \$4000 and credit outstanding of \$2500. The

secretary was sacked and subsequently imprisoned for theft.

The slump in cooperative fortunes was arrested by a steadily rising copra price from March 1976 onwards. The French opened one more small retail/marketing society in the Waisisi area and a retail store near the French Hospital at Whitesands. The number of British-supervised societies remained unchanged. Ipip Cooperative opened a branch store at Green Hill, a former John Frum stronghold, but this was not patronised by the Isak people there; they were to have their "own" stores provided by a Franco-German enterprise.

The 1976 financial results reflected the previous year's recession. On the French side, GAM and Pidgin Egg returned the highest profits, over \$1000 each. Nauten only managed a net surplus of around \$600 compared to its neighbour Ure's \$3100. Its store turnover at \$10,000 for the financial year was half that of Ure's and its volume of produce sales was minimal. Loukatai, in the same vicinity and of the same size as Nauten, recorded a \$1200 profit on its \$9800 store turnover but lost \$260 on copra. Kahut's results were not good, a net profit of \$1600 on vegetables and copra was offset by a loss of \$550 on the store. Credit was still a serious problem but confidence was returning to the society. Its copra purchases for the first eight months of 1976 were 83 tonnes, by far the highest total achieved during the life of the society. Tanben produced poor results, losing \$590 on copra and only making a small overall net surplus. Kasali had its worst year yet, losing \$1620 on the store and about \$500 overall; the worst performance of any cooperative, British or French. The Waisisi people were disinterested in their cooperative, there were problems over credit and the committee were reportedly refusing to attend meetings unless they were paid. The cooperative was effectively a one-man show, being run by the chairman-cum-secretary. The condition of the store when I last visited it reflected the Kasali members' attitude. It was delapidated with holes in the walls, the door nearly off its hinges and chickens wandering about inside. Rats had eaten store goods and used the society's documents to make nests.

On the same side of the island, Whitesands Cooperative, with the potential

to be the largest society on Tanna, had trouble retaining secretaries. Although it had over 90 members drawn from a wide area, sales for the first nine months of 1976 were only \$10,000. The diversity of the membership meant that communal identity was absent and loyalty suffered. Some members were lost to the new French cooperative nearby. One beneficial development in east Tanna was that a central copra dock was being built at Waisisi (on pastor Barnabas's land in return for a rental). This would serve all societies in the area and facilitate copra collection.

Of the smaller British-supervised societies, Iakarapam, plagued by bad secretaries, a negligent committee and a high level of store credit, showed an overall loss of \$400. However, the latest secretary was said to be doing well, credit was stopped and the society was reviving. Less hopeful was Narvi cooperative which just about managed to break even. The fourth secretary in two years was in post and the former chairman had left to run his own private store. The smallest cooperative on the island, Naram, with a store turnover of only \$3200 in its first twelve months of operation, made a net profit of \$340. Because of its small size and isolation, it had great difficulty attracting and keeping secretaries. A proposal by the Cooperatives Officer to turn it into a "groupement" similar to GAM was not pursued as the members were not sufficiently interested.

Not all was despondency. GAM was able to go ahead with a project for a small abattoir and freezer, and a store was built to sell agricultural requisites. The societies with the biggest retail businesses all had reasonable years. Lenakel's store turnover in the twelve months to November 1976 was a record \$53,000 and it made a net profit of \$4600 on the store. Copra and vegetables purchases were at low levels and sandalwood and the truck made losses. The truck had proved a financial disaster, losing a further \$650 in 1976. By the end of the year it had been laid up for repair with a broken cylinder block. Another disturbing feature was the level of store credit and cash advances outstanding (\$1300). One third of this was owed by the chairman who had taken the money in the secretary's absence to buy an outboard motor.

Ure had a good year in 1976. Store sales were the highest ever at nearly \$22000 and copra tonnage purchased (163 tonnes) was the highest for eight years. Ure's membership was at an all time high of 75. The British-supervised consumer society on the government station also did well. Its sales for the 14 months to August 1976 totalled just under \$40,000 and a net surplus of \$2200 was recorded. It also started purchasing a little copra from the custom people who lived behind the government station. One interesting aspect of Isangel Consumer's business was its deliberately high level of credit sales; the only cooperative in the New Hebrides now pursuing such a policy. Credit was running at about \$1000 a month. By sheer force of personality, the secretary ensured repayments were made when salaries were received (most customers being government employees). It was argued that credit had to be allowed or else the store's customers would patronise the trader who also offered credit. The cooperative was being successfully run on this basis and its financial position was healthy enough to permit the construction of a new store in permanent materials (concrete blocks), the first of its kind on Tanna. The new building was opened in mid 1977, replacing the former generator shed which had served as the old store.

Generally, the larger retail cooperative businesses on Tanna were doing well. An indication is that by the end of 1976, of the three Federation bulk stores in the New Hebrides (the other two were at Santo and Vila), the Tanna bulk store had the largest turnover. Its sales were also three to four times greater than the SCAF Tanna bulk store. Beer and wine licences were granted to Tanben and Kahut Cooperatives in December 1976 and to Isangel in January 1977, which should further boost turnover. Because of the opposition of the French District Agent, no French-supervised cooperatives have so far received liquor licences.

#### The "Potato War" of 1976 and its results.

The 1975 agreement between SCAF and the Federation for SCAF to market Tanna vegetables suited both sides. The Federation was to be relieved of

Table 21 Ure Cooperative Society: membership, annual store expenditure and copra output.

	<u>No. of members</u>	<u>Store expenditure \$</u>	<u>Copra output (tonnes)</u>
1966	54	4936	38
1967	55	11627	238
1968	56	15013	165
1969	56	13350	133
1970	59	18642	104
1971	60	16174	74
1972	64	19219	28
1973	60	21081	51
1974	57	21088	80
1975	73*	17482	21
1976	77	21919	163

Notes: \* Branch store at Ipay opened.

Sources: Ure Cooperative Society records, British Cooperatives Department Annual Reports and Inspection Reports.

marketing perishable commodities for which it did not have shipping or storage facilities. SCAF would obtain a monopoly over the purchasing of vegetables on the island, which ought to yield scale economies. It would also eliminate competition in the final market between SCAF and the Federation and so help to give producers higher prices. However, the economic sense behind this ignored the political realities. The French and British District Agents were engaged in a "hearts and minds" campaign on Tanna, each wishing to further his own national interests and sphere of influence at the expense of the other. One of the ways to achieve this was by the establishment of cooperatives and subsequently providing them with support. Thus French Government shipping was put at the disposal of French Cooperatives while British Government vehicles were used to transport goods for British cooperatives. Another way was to promote rural projects; the expansion of vegetable production on Tanna was very much a French-sponsored venture. In 1974 the District Agents had competed briefly against each other in purchasing potatoes on the island. The British District Agent organised an air-freight of potatoes which he liked to compare to the Berlin Airlift. So not surprisingly, the cracks in the SCAF-Federation agreement began to appear very early on.

Within a few weeks the British District Agent was writing to SCAF that the agreement to purchase vegetables for cash was not being honoured. Allegations were made that SCAF was delaying payment or not paying for the full weight of the vegetables received and that the French District Agent was putting pressure on them to give priority in purchasing to French-supervised cooperatives. At the beginning of January 1976 a meeting to try to resolve differences was arranged between the different parties. The British Cooperatives Officer put forward four main complaints: (a) SCAF had still not paid certain British-supervised cooperatives for vegetables, (b) there was a "lack of effective organisation" in the collection of produce, (c) on occasion, SCAF had refused to accept vegetables from British-supervised cooperatives, (d) when the French Government vessel last called it collected only produce from French-supervised societies. The conclusion of the meeting was that the problems were as much organisational as political and that they could be overcome. The arrangement therefore continued.

The next few months did not see any further troubles, largely because the season did not start until mid-April. But as soon as production increased, the old suspicions and accusations returned. The British-supervised cooperatives alleged that SCAF was refusing to take their vegetables, SCAF countered that the British cooperatives preferred to put their produce on their own ship. In August 1976 the Condominium Government prohibited the import of all fresh vegetables, which made the stakes in the contest for supremacy in vegetables that much higher. In that month the Federation asked the British Cooperatives Officer on Tanna to notify instances of the breach of the agreement. Only one case - the refusal of a load of potatoes from Keme Cooperative - was cited. The Cooperatives Officer added that he had been told by SCAF that the French District Agent had tried to stop them handling the British-supervised societies' produce. The Federation then complained to the Resident Commissioners:

"Enquiries show that the problems that arise are outside SCAF's control and have arisen because of the direct interference in the arrangements

by the French District Agent in the Southern District. In view of similar interference last year that culminated in a confrontation between the SCAF representative and the FDA, with the former leaving Tanna at short notice, we request that your honours look into this unwarranted government interference". (British Cooperatives Department Papers 1976).

The stage was set for the "Potato War", a phrase coined by the British District Agent, to begin.

In September the agreement was finally abrogated with the Federation buying potatoes again. Their ship took nine and a half tonnes that month. SCAF's potato purchases in September were 19 tonnes. The strategy thereafter was to capture the greatest share of potato production and ship it to Vila. Promises of a high return were made but the market was limited, the small expatriate community being the main demanders. At the beginning of December, the Federation shipped out another 140 bags (seven tonnes) but they could not be sold off at once. Without proper storage facilities, the potatoes rotted and 99 bags had to be dumped. The remainder realised only \$410, less than a third of the return promised to producers. The inability of the Federation to handle vegetables had spurred the British District Agent to by-pass them and seek out his own buyers. Throughout much of December the District Agent could be seen travelling the island in search of potatoes. British Government trucks were sent hither and thither to collect the produce. Preparations for airfreighting were made. At Christmas a ceasefire was called. The season had ended. Nobody was quite clear who had won the war.

The political aspect of potato production and marketing has distorted the supply side in two respects. Firstly, as a means of acquiring personal prestige and extending national influence, the French District Agent and the Agricultural Officer had encouraged the production of vegetables without due regard to the market demand. Both SCAF and the Federation had trouble finding buyers for all the crop. Neither had the proper storage and transport facilities. The potential for overproduction was an obvious factor in the Potato War. Initially it engendered suspicion that SCAF was not accepting British cooperatives' potatoes because it could not market them. Later, the glut of potatoes provided an opportunity for the District Agents to score

points off each other by managing to dispose of the excess even if it meant dumping it in Vila Harbour. The indigenous producer has made short term gains from European vegetable production but his awareness of the marketing problems was growing. This was particularly so among the members of the British-supervised cooperatives who felt themselves at a disadvantage and their demand for seed potatoes for the 1977 season was down. As for the Federation, they were not interested in or equipped for marketing potatoes but were forced to do so for political reasons. Otherwise it would have been tantamount to admitting that only French-supervised cooperatives should produce potatoes on Tanna.

The past performance and future development of Tannese cooperatives.

Cooperatives on Tanna have had mixed success but they now play an important role in the island's economy. Within 12 years, 11 French and 18 British consumer and marketing cooperatives have begun operations, covering all regions of the island. The major section of the community that they have not reached is the Isak John Frum faction. Among these people, the suspicion lingers that cooperatives are a device of the administration to undermine them. Thus the early hopes of cooperatives being a panacea for cargo cultism were not wholly borne out. Among the other groups of Tannese, cooperatives have been easily rationalised with John Frum beliefs. They are not seen as alternatives but as part of the John Frum scheme of things.

Cooperatives developed as a reaction to the traders' firm grip on the cash economy. Yet they emerged after the worst abuses of the Tanna cartel had passed when a healthier climate of competition had reduced the number of traders. This was not because there was no demand for cooperatives nor was it because the administration prevented their formation. The District Agents were largely neutral during this period, although they were instrumental in bringing Pouillet to Tanna. The main reason, it appears, was the difficulty of establishing contacts outside the island and of finding shipping space. Indigenous private businessmen were clients, if not employees, of the local traders. The economic reins were so tightly held by Europeans that it was

virtually impossible to break in without European assistance. Hence the plan to deal through Pouillet, the arrangements of the Native Cooperative Society with trader R U Paul and the abortive attempts in 1952 by the British District Agent to establish direct links between Burns Philp and an embryo cooperative. (Guiart 1956:199). Lack of general education, not necessarily business education, was another factor. Unless the businessman was literate and numerate, accounts books could not be kept, orders on outside suppliers could not be written. Even the pioneer businessman, James Yehnayeu, 11 years a Presbyterian "Teacher" and well educated by Tannese standards, was not able to use banking facilities or conduct correspondence. In order to buy from the cheaper Chinese stores in Vila, he had to go in person to place his orders (ibid:201). He too ended up buying from the local traders. It was only when the Presbyterian Missionary took a hand in running the Iarkei Cooperative that this dependence on island traders was broken.

Iarkei did not set the pattern for future cooperatives on Tanna. It was not a spontaneous development from the local people and only the control of the missionary held it together. The first genuine cooperatives, Lenakel and Ure, were proposed by the people themselves. With one or two exceptions on Tanna, the idea of forming a particular society came from the grassroots. The Cooperatives Departments provided the back-up to the people's own efforts. Frequently the enthusiasm wore off but only the Iarkei Cooperative and its offspring the Moses Marketing Society had to be liquidated. And both of these were solvent at liquidation. Another consideration is that few of the Tannese societies were transitions from existing native companies; they have been entirely new entities. It is noticeable that companies which are often created by one man or a small family group for their personal commercial ends do not form a sound basis for a cooperative. Narvi Cooperative Society is one example. Calvert (1976) makes a good point that the cooperative format can reduce clashes over personal prestige and interest by having "as many cooks as possible" involved in the decision-making process. It does not necessarily work out in practice and members' influence may be limited, but

in general the members do feel that the cooperative belongs to them and is run for their ultimate benefit. This traditionally-sanctioned notion of democracy, and the similarity of cooperative organisation with that of the familiar native company, has made the cooperative model particularly attractive. In short, "when a thing is intelligible you have a sense of participation, when a thing is unintelligible you have a sense of estrangement". (Schumacher 1973:75).

The main period of the proliferation of cooperatives was between 1970 and 1975, with a hiatus during the depression of 1972. The effect of this expansion was to wipe out the small private businesses, adjuncts of the traders. Much to their surprise the traders themselves benefitted from the increased spending power in the cooperative members' pockets. R U Paul saw the benefits as being twofold. Firstly, cooperatives concentrated upon stocking the basic items whereas the European trade store carried the "luxury" goods to satisfy the increased level of demand. The prices and margins on these goods were usually higher than on the basics and the trader profited accordingly. Secondly, the traders very often supplied the cooperatives with trade goods (and still do from time to time). In sum, the traders' turnover on trade goods did not fall, it increased and more than enough to offset the decline in the copra business. Today, Paul maintains that while his copra purchases are only a fraction of what they were in 1966 (by 1974 the cooperatives were purchasing twice as much copra as Paul), his retail business is buoyant.

The basic consumer/marketing cooperative model has persisted on Tanna into the 1970s but innovations were made with the two concrete block-making cooperatives and the two "groupements". The Tanna Fishing Company is an interesting move to amalgamate a number of cooperatives in a fishing project without creating a formal secondary society; again this is an idea proposed by the people themselves. The main innovation, though, has been the rapid expansion in the marketing of vegetables both by individual members through the retain/marketing cooperatives and by the groupements. Keme, the first cooperative to market vegetables, produced just four tonnes in 1973. In 1974

it had increased this by over four fold, but by then GAM and Pidgin Egg had become the main suppliers; GAM produced 34 tonnes of potatoes and 22 tonnes of other vegetables and Pidgin Egg 25 tonnes of potatoes and 13 tonnes of other vegetables. In 1975 output dropped but 68 tonnes of potatoes were still produced, nearly 30% of these from GAM. For the first ten months of 1976, 41 tonnes of potatoes were sold by French-supervised cooperatives through SCAF. The British-supervised Cooperatives sold nine tonnes to SCAF over the same period but at least twice this amount was marketed by them through the Federation. Vegetables have therefore made considerable headway to the point where overproduction has become a problem. French-supervised cooperatives have led the way while the mainstay of the British-supervised cooperatives remains copra. The French societies do not market copra at all and in consequence the private French-owned store, CFNH, continues to purchase considerable quantities.

Cooperatives on Tanna have become an accepted part of the economic scene. They have been tried and tested and the position of most is secure. For the future there is a need to consolidate and perhaps diversify into new activities. The scope for development on the retail side is rather less broad than for production/marketing. The provision of better store buildings, refrigerators/freezers, and, at the larger cooperatives, butcheries are all practical propositions. In production/marketing, the cooperative's functions could be integrated backwards into cultivation, as already occurs at GAM and AAMI, but not limited to vegetables. However it is unlikely that the groupements will develop into fully-fledged production cooperatives, requiring the pooling of land, as the individual's strong identity with his own land holding inhibits this beyond his immediate kin. Cooperative cattle rearing could be tried but such schemes have not worked well so far in other parts of the New Hebrides. Of greater potential perhaps could be the provision by cooperatives of centralised processing services for coffee and tobacco. Both these crops could find ready markets if the producer were given sufficient support in processing and marketing. Marketing outside the island will

necessarily continue to be the function of the Federation and SCAF. Lastly, in the absence of a local council, it might be thought appropriate for cooperatives to provide services such as water and electricity supply; as there is certainly a demand from the members for this. Housing is another possibility. Whatever course cooperatives on Tanna take, they will have performed the initial roles expected of them: to enable Tannese to receive a fair return on their produce and provide a retail store in which goods are available at a fair price.

Economic development on Tanna outside the Cooperative Movement since 1945.  
Vegetables, cattle and social investment.

In the first decade after the war there was no economic development to speak of, other than the road construction regarded by the Tannese as a means to tighten the hold of the traders and administration over them (Guiart 1956: 225). The efforts of the indigenous people to improve their lot were obstructed - "The only spontaneous attempts have been the occasion of abuse of confidence on the part of Europeans or have come up against administrative hostility" (translated from *ibid*:225). For an island which had had a European presence for nearly a century, there was very nearly a complete <sup>absence</sup> ~~paucity~~ of fundamental services. <sup>No</sup> ~~None of~~ the villages had a water tank, though water shortage was a constant threat. Without water, the ~~practice of~~ hygiene preached by the missionaries was impossible. Medical services were for long centred around the one delapidated mission hospital in west Tanna. Education was minimal, nothing apart from a handful of mission schools which had the reputation of teaching only the Bible.

No major improvements were forthcoming until the 1960s. The breaking of the Tanna cartel produced immediate economic benefits but the Tannese economy was still tied to trade goods for copra via the trader system. One or two Tannese had kept cattle in the 1950s and by the end of the 1960s, several hundred head were owned. Lack of shipping meant that cattle marketing was limited to the island. European vegetables were grown on a small scale and a local businessman had been to Vila on one occasion in the 1950s and sold

potatoes worth over £300. In 1961 local producers sold 20 tons of potatoes through the Agricultural Department at 1/- (10 cents) a kilo (in 1976 the price ranged between 18c-23c). In 1962 the Lenakel market sold some 900 kilos of vegetables weekly (over A£40 worth) to the French School at Isangel and the French Hospital at east Tanna. The British Hospital obtained its supplies direct from the Middle Bush area, trading salt for vegetables; a practice still continued a decade later. In 1963 six tonnes of vegetables were sold on the Vila market but in the following years the trade diminished. In the years 1966 to 1968 only a total of three tonnes was marketed outside Tanna. This increased to 14 tonnes in 1969 but the accelerated growth of vegetable production, as for cattle, had to await the 1970s.

The encouragement of coffee growing in the Middle Bush started in 1962 and by 1971 the Agricultural Department had planted bushes on 50 hectares of land owned by Tannese. The results were disappointing, there was no marketed production at all in 1968, 1970 and 1972. The reason for the low output was evidently the poor price obtainable for a comparatively labour intensive crop. In 1974 the price received was 50 francs a kilo whereas coffee sold on the Australian market would have fetched a net price of 80 francs a kilo. The marketing obstacle, according to the Federation, is that selling on the Australian or other favourable overseas markets depends on bulk shipments being made. Yet the Tannese are not likely to produce large enough quantities unless a high price is first forthcoming.

Infrastructural developments picked up in the 1960s. The reconstruction of the Mission Hospital at Lenakel was completed, financed by government funds. Dispensaries were set up at strategic points around the island. The missions also extended their education programmes and government-trained New Hebridean teachers began to enter the schools. At the end of the decade the first British government-run Senior Primary School, staffed by New Zealand teachers assisted by New Hebrideans, was opened not far from the John Frum Headquarters at Ipekel; a deliberate attempt to overcome the "problem" by education. Within a few years a French government school was opened next to it. There

were still no water supply projects, although water tanks were provided in a few places. However, there was one important development in 1968. The Presbyterian Mission in partnership with Pastor Barnabas created a workshop at Waisisi, the "Kristian Institute of Technology of Waisisi". There a craftsman-Missionary taught local people skills, provided wage employment and manufactured products for local use. This was a pioneer in what is now fashionably called intermediate technology. In 1977 it was building boats for the Tanna Fishing Company.

Moves to transform the Tanna cash economy started to accelerate in the 1970s, connected in some degree with the expansion of cooperatives. This was especially so in the case of vegetable production and marketing. In 1970 vegetable exports to Vila were more than double the previous year's, rising to over 30 tonnes. The following year the growth rate accelerated with 85 tonnes of Tanna vegetables being marketed in Vila. By the mid 1970s average annual vegetable production was between 120-130 tonnes, about 60% of this being potatoes. The cooperative marketing system is not the only channel through which vegetables are disposed of. Perhaps as much as three or four times the volume of "island" vegetables is sold through the local markets. Indigenously-owned cattle production also increased. In 1971, the Tannese owned 155 head. Three years later it was estimated that they had about 2500 head. Exports of cattle from the island had risen from 33-35 in 1972 and 1973 to 96 in 1975. Local consumption was around 200 carcasses by 1975. In that year prices ranged from 60-75 francs /kg for exported animals and 45-50 francs /kg for locally-slaughtered beasts. (Agricultural Department Annual Reports 1971, 1974, 1975.)

Although cooperatives market the European vegetables, production other than by the two groupements is done on an individual or company basis. Individuals, or small family groups, are supplied with seeds through their cooperative or directly by the Agricultural Department. If the plot is large enough, they may obtain the use of the Agricultural Department's tractor for ploughing.

Otherwise they have to till by hand. When harvested, the crop is collected by the producer's cooperative or by SCAF truck. Producers do not have to belong to a cooperative to produce or market European vegetables. In 1975 five and a half tonnes of vegetables were marketed by individuals through SCAF outside the system of primary cooperatives. The company producers are generally, but not necessarily, based on kin groups. Land is retained by the individual holders but is worked collectively. There are seven such companies in north west Tanna, many bearing names in the same fashion as cooperatives e.g. Arit ('wake up') Company. The leading members of a company are frequently members of a cooperative; three of the Ure members run companies and usually market their produce through the cooperative. There are also companies formed to rear cattle. The two in north west Tanna, both run by Ure members, have 149 cattle between them; over half the cattle in the district according to the 1976 Agricultural Department census. Finally, the company format is used by work groups who hire themselves out to clear land, cut copra etc. The Nik-Bis Company, a member of Ure Cooperative, is in this category. It charges \$4 per man per day for fencing, \$3 for cutting copra. Food must also be provided. Its initial aim was to run a bus service but the members now hope to buy land for Tannese migrants in Vila.

Société d'Exploitation Agricole et d'Elevage des Nouvelles Hébrides.

In 1972 the French Residency created an Animation Rurale service to undertake rural development. Tanna was the particular target and composite projects of agricultural improvements, schools, water supply, stores and medical dispensaries were envisaged. The first main achievement was the development from 1974 to 1975 of the Ipilimai complex in the south west of the island, comprising a groupement, a cooperative store and truck, a school and water supply. A second scheme in 1975 was at Loanbakel/Imanaka, a John Frum district a few kilometres to the north of Ure Cooperative's store. Here an agricultural and retail trading project by a private European organisation was linked to the provision of a school, dispensary and water supply by the French government. These last three items, although coming from the

government, proved very acceptable "gifts" to the John Frum people and the use of a private company circumvented the problems that a government-supervised cooperative might have caused. The company was the Société d'Exploitation Agricole et d'Elevage. The Chairman was Frenchman Rupert Cornette of an old colon family. The Managing Director was a German, Franz Buhler. Its capital was disclosed as 13 million FNH (\$130,000 approximately). Land was leased from the John Frum owners in exchange for certain benefits, including a store and a bakery, and a percentage of the eventual profits of the agricultural enterprise.

The company started its activities in 1975, rearing pigs and cattle. A pork meat processing factory was opened in Vila. The company also grew various crops: maize, potatoes, green vegetables, pineapples. Even a vineyard was created. In December 1975, with due ceremony and in the presence of the French District Agent, the John Frum Representative Assembly Member and the Tanna UCNH Assembly Member, the Nusiabin "Cooperative" store was opened at Imanaka; cooperative in name only as the capital was provided by the company, not the "members".

The Imanaka store soon gained a reputation as being the "John Frum" store and as such found easy acceptance among people who had long needed a store carrying the right credentials. The demand for other John Frum stores followed and within a year or so five more had opened, including one at Ipekel, and two more were under construction. The stores were supplied by SCAF through Buhler. SCAF were pleased to do this as they saw no chance of opening their own cooperatives in these John Frum areas. The French District Agent was also in favour. This was after all an extension of French influence. Buhler did on one occasion buy goods from the Federation Bulk Store at Lenakel but further purchases were blocked on the grounds that he was a competitor of British-supervised cooperatives. This was followed up by a complaint from the Cooperatives Department that it was illegal for the Imanaka store to be called a cooperative, the capital being provided by the company. The title, Nusiabin cooperative, was subsequently removed from the store. The local

Cooperatives Officer, a New Hebridean, justified his attitude to the Franco-German enterprise by claiming that its ultimate aim was to exploit the people, not to benefit them. This may be so, but the John Frum people have undoubtedly achieved some benefits in the process of being exploited. The motive for opening the rash of stores may be suspect - be it political, a lever to extend farming activities or a purely commercial venture - but the new stores clearly fulfill a need.

At the beginning of 1977 the company was trying to extend its farming operations by acquiring more land. A single joint lease was offered to a number of landholders. From one of these the following information was obtained. The lease provided for a low rental plus "fringe benefits" to the landholders' villages, including television receivers, water supply and generators. Also, if the cattle herd grazing on these lands exceeded certain numbers, then one or two bullocks would be given to the villages. After 1979 all the lessors would receive 14% of the profits in lieu of the rent, provided this was not less than the rent. The terms were not considered good enough by my informant and he rejected the lease. He, like the Cooperatives Officer, suspected the motives of the company and, where land is involved, suspicions are very easily aroused amongst the Tannese. Nevertheless, co-partnership of this nature does offer an avenue of development where the local people have neither the capital nor expertise to carry out the scheme themselves. The drawback seems to be that the lessors are expected to be silent partners. Their participation ends at providing land and receiving certain payments. Unlike cooperative enterprise, they are not involved in the formulation of the scheme or its operation. If they were, it would perhaps remove many of the doubts that they, and outside observers, retain.

#### Other areas of development.

The other main private European-sponsored development was promoted by trader R U Paul. He has long organised day trips for overseas tourists to Tanna's volcano. Since the late 1960s he has been able to offer short stay accommodation in a few bungalows built from local bush materials. The tourists

spend most of their money in Bob Paul's store and the spin-off to the Tannese is very limited. There is also a small garage run by an Australian Ba'Hai missionary married to a Tannese.

The 1970s have seen a slow improvement in social capital. Water supply has been laid on to a number of villages, partly as a result of the Animation Rurale programme, partly through the Condominium Public Works team and partly with the aid of the Presbyterian Mission. In 1975 the Mission was approached by the secretary of the Pukamlalam Cooperative to install water in his village. The Missionary did so and the water supply worked very well. The effect was such that other villages then asked for help and a further three received water. The only other improvements have been in the upgrading of public buildings, especially schools. The British Government has implemented a programme of replacing the existing local bush materials schools with buildings of concrete blocks and corrugated iron roofs. The general education policies of the British and French Governments have undergone considerable changes, the former taking over the responsibility from the Presbyterian Mission and placing it in the hands of local education committees, the latter concentrating on extending the number of French schools. Perhaps in time the investment in education, neglected by the Missions and successive administrations, will prove of most economic benefit to Tanna if it promotes a greater participation (Simmons 1978).

#### A social and economic profile of Ure Cooperative Society.

The final section of this chapter is devoted to a closer look at just one society, Ure Cooperative in north west Tanna, which in many ways is representative of other cooperatives in the copra-producing areas of the island.

Ure Cooperative Society's store is situated at a road junction some four kilometres north of the Lenakel anchorage. It is roughly equi-distant from the hamlets of Louaneai, Loukas and Ipay, the principal places of the three major clans from which the Ure membership is drawn. Within a five kilometre radius of Lenakel are:

- (a) seven British-supervised cooperative societies - Ure, Pukamlalam, Kahut,



Iakarapam, Isangel, Lenakel and Tanben.

(b) two French-supervised cooperative societies: Nauten, Napeuk.

(c) three private stores: Tanna Plantations Ltd. (run by Australian R U Paul);

the French store: Comptoirs Français des Nouvelles Hébrides; and a very small indigenously-owned business at Lounelapen, near Iakarapam Cooperative.

The nearest stores to Ure are: Nauten (28 members) 300 metres away at Loukas; Pukamlalam (25 members) 1400 metres away at Loukatai. Since August 1975

a branch store of Ure Cooperative has been opened at Ipay, about one kilometre distant. Also at about three kilometres to the north of Ure is the store run by the Société d'Exploitation Agricole et d'Elevage.

Ure Cooperative has 77 members, one of which is the Mik-Bis Company, a group of 46 people (all but four being Ure members) who hire themselves out as a labour company. Four of Ure's members are also members of Nauten Cooperative, four are members of Pukamlalam and one is a member of Iakarapam.

The membership is drawn from 12 different hamlets the largest number being from Ipay, Louaneai, Lamkail and Loukas (table 23). Together these account for about 70% of the membership. The 74 members currently living in the district represent 401 inhabitants. The population of the area in the 1967 census was given as 850. The breakdown of Ure members' households is as follows:

	<u>Male</u>	<u>Female</u>
Adults/young persons left school	94	95
Children at school	79	67
Infants	39	39
Total	<u>212</u>	<u>201</u>

Clan and kinship allegiance.

The Ure members belong to 16 patrilineal "clans" (see table 22). The largest number belong to Semu-Semu, Kahau and Manik who <sup>together</sup> collectively represent about 60% of member households. Six clans have only one member each in the Cooperative.

Table 22 Ure Cooperative members' clan, religion and political allegiances

Clan	Number of households	Number of persons	Religious affiliation			Phratries: Numrukwen or Koyometa			Political allegiance			
			Presbyterian	Catholic	Custom only	N	K	uncertain	Vanuaaku Party	UCNH	None	unknown
Netig	4	18	-	-	4	-	3	1	4	-	-	-
Semu Semu*	18	90	2	2	14	1	17	-	15	-	3	-
Kahvitat	5	20	3	1	1	-	4	1	4	-	1	-
Kahau	16	103	2	6	8	3	8	5	10	5	1	-
Nipikinam	1	7	-	-	1	-	-	1	1	-	-	-
Iemnaioni	1	6	-	-	1	-	1	-	1	-	-	-
Iou	2	14	1	-	1	-	2	-	2	-	-	-
Ielo	1	3	-	-	1	-	1	-	1	-	-	-
Namipu Ieru	2	13	1	-	1	-	1	1	2	-	-	-
Manik	10	53	9	-	1	1	9	-	10	-	-	-
Talap	1	7	-	-	1	-	-	1	1	-	-	-
Namipu Iaken	2	14	2	-	-	1	1	-	2	-	-	-
Namipu Manipum	3	16	1	-	2	-	3	-	3	-	-	-
Namipu Hiat	1	7	1	-	-	-	1	-	-	-	1	-
Nimalkag <sup>+</sup>	1	3	1	-	-	1	-	-	-	-	-	1
Nikur Noanamita	3	19	1	-	2	-	3	-	3	-	-	-
None	2	12	-	-	2	1	1	-	2	-	-	-
Respondent did not know	2	8	1	-	1	-	2	-	2	-	-	-
Totals	75	413	25	9	41	8	57	10	63	5	6	1

Notes: \* Two cooperative members in same household

+ East Tanna man.

Table 23 Places of residence of Ure Cooperative members.

Place	Itunga	Lenmout	Loukas	Lounabek	Imaelone	Lamkail	Ipay	Louaneai	Ikauras	Loukakai	Loukweriya	Louanmilihu
Netig	-	-	-	2	1	-	-	-	-	-	-	1
Semu Semu	-	-	-	1	1	5	10	1	-	-	-	-
Kahvitat	-	-	-	1	-	4	-	-	-	-	-	-
Kahau	-	-	10	-	-	-	-	1	5	-	-	-
Nipikinam	1	-	-	-	-	-	-	-	-	-	-	-
Iemmaioni	-	-	-	-	-	-	1	-	-	-	-	-
Iou	-	-	-	-	-	-	1	-	-	-	-	1
Ielo	-	-	-	-	1	-	-	-	-	-	-	-
Namipu Ieru	-	-	-	-	-	-	-	1	1	-	-	-
Manik	-	-	-	-	-	-	-	10	-	-	-	-
Talap	-	-	-	-	-	1	-	-	-	-	-	-
Namipu Iaken	-	-	-	-	-	1	-	-	-	1	-	-
Namipu Manipum	-	-	-	-	-	1	-	1	1	-	-	-
Namipu Hiat	-	-	-	-	-	-	-	-	-	1	-	-
Nimalkag	-	1	-	-	-	-	-	-	-	-	-	-
Nikur Noanamita	-	-	-	-	1	-	1	1	-	-	-	-
None	-	-	-	-	-	-	2	-	-	-	-	-
Respondent did not know	-	-	-	-	1	-	-	-	-	-	1	-
Totals	1	1	10	4	5	12	15	15	7	2	1	2

Notes: Two of the Louaneai members and their families are currently residing on Efate island but retain houses in the village.

The initiative for forming a cooperative at Ure came from among the Manik ('fowl') people and the store stands on land held by one of their number (for which he received a rental of \$24 in 1975). Above the store entrance is a design of a fowl. The original committee comprised two Manik, two Semu Semu and one each from Kahau, Kahvitat, Namipu Iaken and Namipu Ieru. The chairman was from Namipu Ieru although he was an affine of a prominent Manik member. In 1976 the committee had expanded to 12 members: two Manik, three Kahau, two Semu Semu and one each from other clans. The chairman and secretary were from Manik.

The influence of the Manik people aroused some resentment, particularly among the two numerically superior clans, the Kahau and Semu Semu. In the case of the latter, this was resolved by the opening of a branch store at their hamlet of Ipay in 1975. This stands on the land of a Semu Semu man. Among the Kahau, a move to break away was initiated by a French-orientated younger element; the local French school stands next to their village. As a result, Nauten Cooperative was formed. Nevertheless, kin ties between Ure and Nauten are close. The president of Nauten is the son of one of the original Ure committee members. The vice president and one of the Nauten committee are sister's sons of an Ure member, and the remaining committeeman is the brother of another Ure member. Nauten's secretary is a Kahau and two of the four committee members, including the president, are Kahau.

As regards family relationships within Ure, 56 of the members have known kin or affinal relationships within one grouping. 19 others, who are related amongst themselves in various ways, also feel that they may be distantly related to this first group but cannot demonstrate it. Only one member, who comes from east Tanna, has no kin or affinal relationships to the other members.

Religious affiliation, education and political allegiance.

Of the total membership, 42 are Custom-only, 25 are Presbyterian and nine are Catholics. Those who are Christians are also custom followers, there is not necessarily any conflict. The principal Catholic Mission on Tanna is

within one kilometre of Ure Cooperative's store, beside the Kahau village. As one might expect, it is among the Kahau that Catholic adherence is greatest; six of the Ure Catholics being Kahau. The Presbyterians are most strongly represented amongst the Manik, nine out of their ten members being Presbyterians. Religious affiliation seems to be largely a function of education. Until recently, formal education in the New Hébrides was in the hands of the Missions and one espoused the faith of whatever mission ran the school. It is common practice for a household to divide its several children's education between different schools so as not to have all its eggs in one basket. Thus, siblings may subscribe to different Christian creeds. Nearly two thirds of the Ure members had received no education whatsoever, partly a result of John Frum but mostly because of the absence of "proper" schools on Tanna - the Mission schools were formerly little more than bible classes. As an illustration of the relationship between religion and education, only one quarter of the "custom-only" members had received schooling while almost two thirds of the Christians had.

Local political involvement has come to reflect itself in national political groupings. 64 of the Ure members are Vanuaaku Party supporters, five are supporters of the Union des Communautés des Nouvelles Hébrides (UCNH). Only six said that they had no political allegiance. That of one man was not known. In December 1976, 33 of the Ure members were fully paid-up members of the Vanuaaku Party. One Ure member, a Manik and principal yani niko for the district, was elected a member of the national Representative Assembly. All the UCNH people in the Cooperative were Kahau. The main Yeremere Kweriya Apen, an Ure member from the Semu Semu clan, did not involve himself in "politics", preferring to stay a "man custom".

#### Migration.

Migration from Tanna to the urban areas for work is relatively weak compared to other islands (Bonnemaison 1977), nor is migration as strong in the Ure area as elsewhere on Tanna. (e.g. Waisisi). Nevertheless just under half of the members had been away at some time in their lives. In all, 19

people, either members or from members' households were away at the time of my survey. 15 were in Vila town or nearby, two were in New Caledonia and one, a French policeman, was on Malekula in the north central New Hebrides. The whereabouts of one man was not known. Sixteen of the migrants were male, three were girls. All the girls and one boy were attending secondary school on Efate, there being none on Tanna. The migrant workers tend to take jobs in the same organisations as others from their own island. The Vila abattoir, the electricity company and the manganese mine are particularly popular with the Tannese. They also gravitate together as a distinct community in Vila. None of the Ure migrants work on plantations.

#### Non-member patronage.

Apart from a passing trade from the nearby road, and copra and sandalwood sales by a few north Tanna men, the Society is also used by members' kin or affines who are outside the household. All purchases of trade goods and sales of copra through a member's share number count towards an eventual dividend payout to that member at the end of the financial accounts. Thus, someone who is not a member may still obtain the advantages of membership by selling through a relative's share. The practice is discouraged by the Cooperatives Department, but ten of the Ure members admitted that their number was used by persons outside the household. In every case, they were closely related. The population served by the cooperative is therefore somewhat larger than it would appear at first sight.

#### Withdrawals from the Cooperative.

Excluding transfers of membership within households, over the lifetime of the cooperative sixteen members have left of whom two rejoined. Some withdrew to join the John Frum sect or to become members of Nauten or Pukamlalam Cooperatives. One man left to start his own business but rejoined when this failed. Others were said to have withdrawn because they needed the share money. One former member died.

#### Income and expenditure.

An estimate of cash income and expenditure of local members' households in

1976 is given at table 24. By far the greatest proportion of cash expenditure went on buying store goods from cooperatives - over 75% - while purchases from CFNH and Bob Paul trade stores amounted to a further 8%. Purchases of food-stuffs and kava on Lenakel market were estimated at about 10% of the total. The remaining expenses were minimal, accounting collectively for 5%.

Income from copra sales, copra bonuses and copra-related wage work accounted for nearly half of total cash income. Livestock sales amounted to some 17% of the total; vegetables and kava brought in a little less than this. The only other major source of income was local wage work but three men, the cooperative secretary, a teacher and a mechanic, accounted for two thirds of all wage income. The secretary was the highest wage earner in the member households, earning \$1300 during the year. In all, 49 men and youths worked locally for wages in 1976 but only about a quarter could be said to have worked full-time. One man was self-employed as a taxi driver. Some 40% of the adult males and youths who had left school did no wage work at all; they were wholly occupied in subsistence gardening or copra cutting. None of the women or girls worked for wages. Of the "permanent" wage workers, five worked for the cooperative (the secretary, two drivers, two in the bakery), two worked for traders and five for government (two policemen, a mechanic, an agricultural extension worker, a teacher). Three migrant workers also had salaried jobs with the administrations. Of the casual wage workers, two thirds did occasional loading and unloading of the trade ship for the cooperative and the rest did bush clearing and garden work. Income via the agency of cooperatives provided over half of the total, including most of the wage labour opportunities.

#### Wealth holdings of Ure members.

Wealth at Ure may be divided into five categories: land; women; coconut trees and other perennial cash cultigens; livestock; and manufactured goods. Land is the most important - a man is nothing without his land. The products of the land provide his means of life, even his name is linked to his rights in land. There is no dispute more bitter and prolonged than a land dispute. Women are ultimately valued as the source of reproduction, without women there

Table 24 Estimate of household cash income and expenditure during 1976 for local members of Ure Cooperative Society.

A. <u>Expenditure</u>			A. <u>Income</u>		
	<u>\$</u>	<u>%</u>		<u>\$</u>	<u>%</u>
1. Ure cargo purchases (net of estimated non-member sales) <sup>1</sup>	20800	67.0	1. Members' copra sales to Ure Cooperative Society.	12477	37.75
2. Unrecorded Ure cargo purchases (credit)	254		2. Members' copra sales to other coops	175	0.5
3. Purchases from other cooperatives	2955	9.5	3. Copra sales to private traders	1800	5.5
4. Trade store purchases	2500	8.0	4. "European" vegetable sales to SCAF and Federation	1054	3.25
5. Market purchases <sup>2</sup>	3270	10.5	5. Lenakel market sales: Vegetables, fruit and kava	3850	11.75
6. School fees <sup>3</sup>	652	2.0	Eggs	725	2.25
7. Transport <sup>4</sup>	342	1.0	6. Other vegetable sales	100	0.25
8. Medical expenses	193	0.5	7. Chickens (mainly on the market)	170	0.5
9. Church contributions	190	0.5	8. Fish	180	0.5
10. Remittances	228	0.75	9. Tobacco	200	0.75
11. Cooperative shares	74	0.25	10. Sandalwood	34	
	<u>31458</u>		11. Livestock sales: Pigs	1770	5.25
			Cattle	3760	11.5
			Horses	100	0.25
			Goats	10	
			12. Coop stamps	267	1.0

			13. Coop dividends	1440	4.25		
			14. Savings Bank Interest	38	-		
			15. Cash gifts	18}			
			16. Remittances	562}	1.75		
			17. Wages and salaries <sup>6</sup>	4280	13.0		
							*33010
B. <u>Residual</u>		% age of income	B. <u>Other monetary resources</u> (=autonomous consumption)				
1. Savings (net of non-member deposits)	1226	3.75	1. Net credit and cash advances <sup>7</sup>	254			
2. Unexplained residual <sup>5</sup>	580	1.75	2. Dissaving (withdrawals from <sup>8</sup> Coop Savings Bank)	nil			
	<u>33264</u>			<u>33264</u>			

Notes: \* Income from copra and copra related sources = \$15317 (46%)

Income via the agency of cooperatives = \$17815 (54%)

1. The replacement of the docket system by trading stamps has meant that it is no longer possible to distinguish between member and non-member purchases from cooperative records. Therefore member purchases were estimated from schedule responses, checked against total purchases. On this basis, non-member purchases were reckoned at 5% of the total which is about the same ratio as known non-member copra sales to total copra sales (\$841 out of \$13288 6.3%).

2. Calculated at an arbitrary 85% of estimated market vegetable sales by Ure members. Detailed data were not collected on market purchases, although 43 of the Ure respondents stated that they patronised the market (and gave the type of produce purchased). Purchases are set lower than sales as a sizeable proportion of produce is taken by government employees and Europeans, who lack gardens and thus buy proportionally more.

3. School fees were payable in British-controlled schools only.

4. Taxi transport between Ure area and Lenakel.

5. Among other things, this allows for error and for unspent income not banked.

6. Three men earned two thirds of this.

7. Net credit and cash advances outstanding at 31-12-1976 noted by the secretary in a school exercise book.

8. No withdrawals were made since the inauguration of the Cooperative Savings Bank Agency in 12-6-1975. Total savings at 31-12-76 were \$3385.45.

Sources: Ure Cooperative Soc-iety records and responses to a question schedule administered to the membership.

would be extinction. Pigs are the currency of custom exchanges, used in everything from bride price to the nekowiar exchange cycle. They are also readily sold for cash. More firmly in the realm of the cash economy are coconuts and cattle. Both provide cash with which to acquire desired trade goods, including prestigious articles such as trucks and speedboats. Coconut trees are valued independently of the land on which they stand. The fruit of a tree belongs to the man who planted it, not to the land holder. It occasionally happens that land is transferred. The previous holder will then be able to produce copra from it until the trees no longer bear nuts. (Allen 1961).

In my survey of Ure Cooperative, no enumeration of land holdings was attempted, nor were rights over women investigated, neither being directly related to cooperatives and both being somewhat sensitive subjects. The Ure members were asked how many coconut trees they had and the age of the trees, but few of the respondents could give accurate replies. This is what one would expect, given the density of trees and their irregular spacing in most New Hebridean coconut groves. Some indication of coconut tree holdings can be gleaned from members' copra sales to the cooperative. It was also hoped that a forthcoming Agricultural Department survey would cover the required ground. In the event, the Department only gathered data on replanting (of which there was virtually none). Many Tannese, including some Ure members, refused to participate in the census, being suspicious of government motives. I found that such information as was obtained was unreliable - members of cooperatives were given as not being members while non-members were shown as members, populations of some hamlets were understated and respondents' places of residence were inaccurate. Some cooperative members who were engaged extensively in market gardening were marked down as subsistence-only producers. All in all, the Agricultural Department's survey activities on Tanna were largely abortive.

Nearly all the members owned pigs. The total numbers kept exceeded 500. Six men had 20 or more pigs. The largest herd was 30, belonging to an

important man of the Ipay hamlet, and the second largest was 29 beasts, belonging to the cooperative chairman. Only one man, a French policeman who had severed all links with his home, did not keep pigs. 49(70%) of the respondents had a total of 228 cattle, (83 steers or bulls, 145 heifers or cows). One man had cows but did not give the quantity. Two cattle companies, run by three members of Ure Cooperative, had a total of 149 head between them. Apart from chickens and dogs and a few goats, the only other livestock kept were horses. 17 members owned a total of 24 horses. Two other men had rights to take wild horses on an area of grassland to the north of Ure but they had to catch the animals before ownership of any set number could be claimed.

The housing of Ure members was basically of three types: those completely constructed in local materials; those with the walls constructed from local cane but the roof of corrugated iron; and corrugated iron houses, assembled around a timber frame. Occasionally the house might have a concrete base. Some members had more than one house; <sup>extra houses were</sup> usually ~~an~~ outbuildings built of bush materials. Of the members' principal houses, nearly half those questioned had homes entirely of bush materials. About a quarter had a combination of bush materials and corrugated iron, while the rest had houses built completely of iron sheeting.

Member households possessed relatively few consumer durables. Seven had trucks, most of which were in a poor state of maintenance. One man used his truck full-time as a taxi. A car was owned by a government officer and kept in Vila. One young man had a motorcycle. Ten households had bicycles although I never saw a Tannese riding one. The frequencies of punctures on the coral tracks had diminished enthusiasm for them. Two speedboats were owned by members, one by the Cooperative secretary in partnership with another man, the second by the boss of one of the cattle companies. About half the Ure households had canoes.

All households had a stock of crockery, cooking and eating utensils, bedding and similar items. Every home had a hurricane or pressure lamp. Of the more expensive household items, only sewing machines had much popularity. There

were 28 of these. Two homes had store-brought beds but the local cane beds or mats were generally used. Few homes had furniture. Four households had kerosene refrigerators and one had a primus stove. The range of "luxury" consumer goods was very limited, being largely confined to radios and watches of which there were 23 and 13 respectively. Every household had at least one bushknife, spade and an axe or adze. Some had hoes, rakes, garden forks and crowbars for use as digging sticks. A few also had hammers or saws. One man, a former motor mechanic, had retained his toolkit. Only one member admitted to owning a gun. Others must also have had firearms as cartridges are regularly sold in the store. One deterrent to disclosing the possession of guns is that a licence is needed and a fee has to be paid.

To summarize, although Ure members are moderately well-off in terms of pigs and cattle, the same cannot be said of manufactured material possessions, other than essential garden tools. This is not to say that the Ure members live in poverty, simply that their life style does not call for the use of consumer durables to any great extent. However, I doubt whether there are many households who would be averse to having more of these goods.

#### Attitudes of Ure members to cooperatives.

The attitudes of the Ure membership were sought on the benefits and disadvantages of cooperatives. Firstly, they were asked what benefits the cooperative had brought them. 45% (32) replied along the lines of "much easier for selling copra and buying goods" or "brought goods into our home" etc. About 20% (13) said that it saved time or shortened the distance that they had to go to buy goods. Nine respondents mentioned that it had made them money in various ways. The remaining replies ranged from "joined us together" to "in the interests of black people".

The members were then asked what they disliked about the cooperative. Over three quarters of the respondents could not think of anything to dislike. Of the sixteen who had specific complaints, half said that it was badly stocked or often ran short. The rest gave varying replies, including one member who was upset "when it doesn't make a profit".

To supplement the question about dislikes, the members were asked if there was anything that they wanted the cooperative to do which it did not do at present. Only one quarter of the membership said no. The suggestions made were very wide ranging and sometimes went far beyond the usual functions of a marketing/retailing society. By far the most popular were for a new store building (25%) and a water supply (15%). The remaining replies extended from the practical (e.g. provide more empty copra bags) to the ambitious (e.g. buy a sawmill). A question was also put concerning the problems facing the community. Water supply was clearly identified as the major problem. 70% of the respondents cited this. Only three people said that they had no problems.

In their attitudes to private business, the Ure members were generally apathetic. Over a third of the members did not patronise the local trader and all but two of the members were in favour of traders being completely replaced by cooperatives. 30% said that they would not deal with a trader even if he were New Hebridean. This is partly because private stores do not return a dividend and partly because the Ure people felt that they have not received a fair deal from traders in the past.

To sum up, the members appreciate the benefits that the cooperative has brought them but there is clearly a felt need that the cooperative should widen its scope. However, a few members thought that the cooperative had not yet accomplished what it had set out to do: "it should carry out all the things it had promised to us before we die".

Some concluding remarks on Ure Cooperative Society.

The salient social feature of the cooperative is that it is a close-knit unit based on three main clans, drawn from <sup>a few</sup> ~~three or four~~ principal places of residence. There is considerable political homogeneity. ~~Even so,~~ stresses have arisen between these groups which have affected the cooperative in one way or another, most particularly in the creation of Nauten Cooperative. The division of the membership into Christians and non-Christians has not had similar repercussions as the Christians also adhere to custom. The maintenance

of customary practices serves to bind the people together. The stability of the community is the more so as migration is comparatively weak. At any one time only a few persons are away.

Economically, the cooperative members are still largely dependent upon copra for their cash revenues, although cattle and vegetables now provide a significant proportion of income. Most of the money goes on store purchases, mainly foodstuffs, household goods, clothing and beer. The ownership of consumer durables is low.

Ure is little different socially and economically from the majority of cooperatives on the island. It is a little larger than most but still displays a typical social unity. The degree of reliance of the Ure members on the money economy is paralleled in most coastal areas but inland, where coconut palms do not readily grow, the penetration of the cash economy is much less. There, the development of "European" vegetable production is now creating more cash-earning opportunities for the people. A few places, particularly around Waisisi and Whitesands in the east and Lenakel in the west, are clearly more monetised than the Ure district. At Waisisi, the density of population has created pressures on land use and wage migration is at a high level (Bastin, pers. comm.). In this case, one would expect the cooperative to develop differently if the importance of produce marketing is diminished. The two retail cooperatives on the government station at Isangel must be regarded as special cases, drawing as they do their membership from government employees, many of whom are not Tannese.

Overall Ure is a fair example of a Tannese cooperative. In this context the cooperative model of enterprise has proved compatible with the social environment and has adequately carried out the two main functions of the local cash economy, the marketing of copra and the retailing of store goods.

CHAPTER SIXA THEORETICAL ANALYSIS OF INDIGENOUS CASH CROP PRODUCTION

Any examination of New Hebrides cooperatives must consider the underlying economic behaviour to which the cooperative model has been adapted. I have previously noted that the dual purpose marketing/consumer form of society has been the most suitable because of its compatibility with economic aims. In the discussion of the Federation Savings Bank it was asserted that low levels of saving may be expected in an economy where production is geared to consumption needs.<sup>1</sup> These points will be expanded upon and a hypothesis constructed which may be of relevance to indigenous economic behaviour more generally in Melanesia.

My theme takes its cue from Smithies comment: "According to Say's Law, supply creates its own demand. What I am suggesting is that there is something to be said for the opposite point of view that demand creates its own supply. The truth is more likely to be between these extremes: demand and supply, or wants and activities, interact on each other in the course of development with new wants giving rise to new activities, and new activities to new wants" (1961:252).

The starting point in my analysis was the response of the Ure cooperative members to a question on reactions to copra price changes. About one third (24) of the respondents replied that they would cut more if the price rose and would reduce output if it fell, 55% (39) said that they would continue to cut the same amount of copra regardless of price. Four members did not cut copra even though they had coconut trees and three others did not have trees. When these replies were compared with actual behaviour over the preceding 20 months, a period of considerable price fluctuation, it was found that there was no correlation ~~between the two copra-producing groups~~. Both <sup>copra-producing</sup> groups displayed low

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1. Consumption is taken here to include the acquisition of goods for prestige purposes or to give to others.

but definite positive price/output relationships. On this evidence the price sensitive respondents were less so than the allegedly price insensitive group (price sensitive  $y = -48.47 + 26.6x$ ;  $r = 0.51$ ; price in-sensitive  $y = -72.45 + 38.2x$ ;  $r = 0.58$  where  $y$  is output per day in kilograms and  $x$  is price per kilo in cents Australian).

There were no evident social differences between the two groups, so the reason for the disparity had to be sought elsewhere. One line of argument is that the producers are unaware that the ideal does not conform with the actual. Their behaviour may be governed by an "unintentional rationality" (Godelier 1972). To pursue this, one must first examine how the Tannese view their need for cash. The use of cash on Tanna.

Cash plays no direct part in custom, though it can be used to purchase pigs, kava and food for use in custom. It has no role in land transactions; the landholder cannot sell his land but passes it on patrilineally. Bride price too is payable with customary items, although cash may be given in addition to the custom gifts. The whole of the ceremonial gift exchange cycle, the nekowiar, takes place without the direct intervention of money.

Thus cash ideally has its own sphere of exchange; its predominant use ~~is~~ <sup>is</sup> being to acquire imported goods which would otherwise be unobtainable. Traditional exchanges which maintain social relationships (marriages, political alliance, status) continue to use objects of customary exchange value, especially pigs. But in practice cash has an important indirect role in traditional life as it can be used to obtain resources. The possession of particular commodities also has social connotations; for instance, truck ownership may yield both power and prestige.

Generally stated the rule governing the means of exchange is: that which concerns custom is "paid for" in the customary way; that which derives from the white man's system is paid for in the white man's way. There is some

overlap and neither of the two spheres of exchange can be considered as being of greater importance than the other. They are simply different. There is no unitary scale of value which may be equally applied between goods and services in different spheres. Yet there is some sense of ordinal value in that men value some states of spiritual or material well-being in preference to others. In this way, a minimum level of material goods is considered essential, as is compliance with certain customary obligations. Salisbury (1962) calls those goods which comprise the minimum level, subsistence goods. My own preference is to pay more attention to the level itself, as the goods and services comprising it change over time.

On Tanna cash is not required for itself. There is no prestige in holding money, although a little may be kept for precautionary reasons. For the most part, there is only a transaction demand. Cash is used solely as a means to an end, its utility deriving from the goods or services purchased by it. The generally low level of cash savings testifies to this. Money is turned over regularly, being earned to satisfy needs as they arise. Nor is there any capitalistic motive behind the demand for money, It is not sought in order to invest in capital goods and so obtain more money.

The perceived minimum cash income/expenditure level.

In the above discussion, the idea has been introduced of there being a basic income at which producers aim in order to purchase those goods and services regarded as essential to maintain a minimum desired living standard (not the minimum level necessary for physiological well-being). Should income fall below the minimum level then output will have to be increased to compensate.

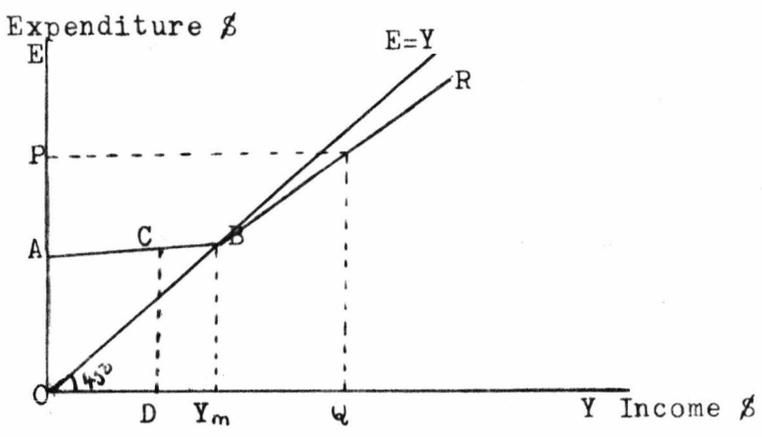


Figure 4 Perceived minimum cash income level.

In Figure 4 the short term desired minimum cash expenditure level is represented as a straight line AB, not quite parallel to the x axis (income) as some small allowance may be made as income declines. If income falls below OYm then the difference is made up by drawing on savings, consumer credit or borrowing. In the long term, if the fall in income is judged to be permanent, the level will have to be revised downwards. Conversely, inflation, rising aspirations or the imposition of a sales tax will serve to push the level upwards if there is scope to increase income. In periods of economic depression, producers will do their best to maintain existing standards. The proposition is similar to that advanced by Duesenberry (1949), in the long run the average propensity to consume out of income is constant (and in my model high) but there may be periods where income declines. At such times the producer/consumer endeavours to keep up his living standard and so his average propensity to consume rises (in the diagram  $OP/OQ < CD/OD$ ).

If a Duesenberry effect or a minimum income/expenditure level exist, one would anticipate that in a depression: (a) store credit or liquidation of savings would rise; (b) copra output -- the main cash crop -- would be increased to compensate for low copra prices; (c) diversification into products unaffected by price falls would take place; (d) migration for wage labour would increase. During the 1971/72 depression there are indications that all these occurred. The increase in credit has been noted (page 128) and diversification and migration will be touched upon later. The evidence relating to copra marketed through cooperatives will be examined here.

Between 1964 and 1975 the average copra price was around \$160 per annum with the worst two years occurring in 1972, when the average price fell to \$75, (the lowest since 1946) and in 1975, when the price was \$125. From table 25, covering the years 1969-1975, of the 54 cooperatives operating prior to 1969, only two produced more copra in 1972 than in the previous year. On

Table 25 Number of British-supervised cooperative societies established prior to 1969 producing less/more copra one year over the next.

Year	Vila F.O.B. Price FNH	All districts			Central District No 1			Central District No 2			Southern District			Northern District		
		more	less	same	more	less	same	more	less	same	more	less	same	more	less	same
1969	14300	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1970	15500	22	33	0	6	9	0	8	17	0	1	1	0	7	6	0
1971	12600	35	19	1	9	6	0	17	7	1	0	2	0	10	3	0
1972	7500	2	52	0	0	15	0	2	23	0	0	2	0	0	12	0
1973	16000	44	5	5	9	2	4*	22	3	0	1	0	1	12	0	0
1974	42500	46	6	2	11	2	2*	21	4	0	2	0	0	12	0	0
1975 <sup>+</sup>	12500	9 <sup>+</sup>	31 <sup>+</sup>	2 <sup>+</sup>	5	8	2*	4	21	0	0	2	0	-----N/A-----		

Notes: \* All nil output      <sup>+</sup> CD1, CD2 and SD only. One Northern District Society was liquidated in 1971.

Source: British Cooperative Department Annual Reports.

the face of it, there is not much support for a backward sloping supply curve at low income levels. Overall, eight of the 110 British cooperatives produced more in 1972 than in 1971, but only three of them had been in existence for more than two years. The total output of all New Hebrides British cooperatives was down 62%. The evidence for a backward sloping supply curve is considerably stronger as between 1970-71 when the price fell from \$155 to \$126. 35 (65%) of the pre-1969 cooperatives produced more in 1971 than they did the year before. It could be that two consecutive years of rapidly falling price had made many producers revise the minimum level downwards by 1972. They had given up the unequal battle of producing more and more for less and less. Alternatively, producers may have turned to other sources of income, or the hurricane damage that occurred in 1972 may have been severe enough to prevent output rising.

In 1975 the average FOB price of copra dropped to \$125 after the previous year's record price of \$425. Of the 42 societies in Central Districts Nos 1 & 2 and the Southern District operating before 1969 (the Northern District figures are not available) nine societies produced more than in 1974. Overall, 28 societies, about one third of the total, produced more but half of these were formed in 1974. For all societies output was down only some 5% despite a price drop of 70%. The high income levels of 1974 could have spilled over into 1975, dampening for a time the need to increase output. My conclusion from these data is that the minimum income level hypothesis is not refuted. However the minimum income is low and, if put under pressure, may not persist for any great length of time.

The best way to indicate which goods to include in the minimum level is to borrow Salisbury's definition: "Subsistence goods are valued in terms of how they enable each individual to maintain the activities appropriate to his existing social status" (1962:194). The individual's subjective view of his

status will determine which items he deems necessary for the maintenance of this. At Ure Cooperative it is likely to include school fees, clothing, certain household and garden tools, and some imported foodstuffs which (even though there are local substitutes) are so much part of the life style that they must be considered essential. It is not only the good itself but the quantity of good that constitutes the minimum level. Moreover, the inclusion of some goods is not solely a status exercise, it also depends upon tastes.

The concept of the perceived minimum cash income level is not vital to my model of cash crop production but it does seem to accord with reality, although it takes some proving. Its subjective nature limits its operational application but the implications are widespread. Apart from any other consideration, if income is allowed to decline near the minimum level, one could predict that social and political tensions will arise, or intensify, as people see their social position threatened. Interestingly, in the period 1971/72, when copra income fell dramatically, the first Melanesian political parties made their appearance in the New Hebrides and serious land disputes with Europeans arose.

#### Discontinuous Production.

I return now to the allegedly price insensitive and price sensitive producers at Ure Cooperative. Having discovered that there was some response to price, I then tested reactions over an eight month period of sharp and sustained price increase in 1976 (prices rose from 4½ cents a kilo to 14 c a kilo). As copra output can react almost immediately to price changes -- there always seems to be a stock of fallen mature nuts littering New Hebridean plantations -- one would anticipate that a positive and strong response would be shown, at least by those who regard themselves

as price sensitive. There was no such reaction, moreover there was no discernible correlation between price and output in either group. For the price insensitive group,  $r=-0.037$  and for the price sensitive group,  $r=0.066$ . This suggested that long term price response may be stronger than in the short term. If this were so what I had discovered in testing price and output relationships for the two Ure groups was evidence of discontinuous production, not lack of price response.

Sahlins makes much of the discontinuity of production: "These other claims -- of ceremony, diversion, sociability and repose -- are only the complements or, if you will, the superstructural counterpart of a dynamic proper to the economy. They are not simply imposed upon the economy from without, for there is within in the way production is organised an intrinsic discontinuity. The economy has its own cut-off principal, it is an economy of concrete and limited objectives" (1974:65).

Sahlins is right to emphasise this discontinuity which is a central feature of Melanesian and Polynesian production. But the interpretation that he places upon it is by no means the only possible one; objectives may be limited, not because of notions of "primitive affluence", but because the desire to satisfy wants is hedged about by other factors, including the disutility of effort. Another consideration is the inability to satisfy felt needs; there is no point in producing if you cannot attain your objective. These and other variables affecting production will be discussed at length later. For the moment, it is enough to establish that discontinuous production, for whatever reason, may camouflage response to price movements.

Sahlins ascribes discontinuous production in the case of subsistence producers to production-for-use values, a rationale which is carried over into behaviour within the cash economy (1974:86). This parallels my own argument that New Hebridean cash crop production is undertaken to obtain money with which to acquire "useful" goods -- "useful" being interpreted

in the widest sense, having as much social as materialistic significance. Production for exchange values, which Sahlins defines as the accumulation of a "generalized wealth", does not seem to be important as yet among Melanesian producers. Fisk makes a similar point in relation to New Guinea:

"the level of production in the subsistence unit is limited by the internal demand for subsistence products rather than by the supply of the factors of production" (1964:156).

He takes the marginalist line that production would be increased if incentives were provided:

"the strength of the incentive factor depends ultimately on a comparison by the subsistence producer of the disutility of additional labour (or negative leisure) necessary to earn money with the utility of the goods and services that money will enable him to buy". (1964:160).

In the following pages, a model based on production-for-use values and the disutility of effort will be constructed.

#### The copra supply function

In the long run, copra output will be affected by a number of factors:

- (i) The availability of resources, in particular land to plant on.
- (ii) Improved techniques. These include better strains of coconut, improved soil fertility, and better cultivation and drying techniques. That New Hebridean plantations have room for improvement is shown by comparing yields from European-run plantations. In 1975 European planters produced 800 kg per hectare while New Hebrideans produced only 300 kg. [Injac 1975].
- (iii) The cost of inputs required by a higher technology. At present, the only cash costs are for bushknives, copra wire (for drying) and copra needles (for stitching up bags). A few of the larger producers may hire labour. Bags, twine and transport are usually provided free of charge by the cooperative out of operating expenses. Variable cash costs may therefore be largely ignored as a short term influence on production.
- (iv) Marketing factors. These are principally transport improvements, price stability and

quality grading via a Marketing Board.

In the short run, the stock of trees and mature nuts may be considered as given. The copra-making process is comparatively simple and does not take much time so that the producer is able to react almost immediately to price movements. The process consists of essentially four tasks; (a) collecting the mature fallen nuts; (b) "cutting", ie. dehusking and cutting out the flesh; (c) "cooking" - the flesh is spread out on a wire mesh platform under which is lit a fire and the copra is then smoke-dried for about 24 hours; and (d) "ramming" - packing the copra tightly into a bag, ready for collection. Cutting is the hardest work but drying is the time-consuming element. Even so, if bad weather does not intervene, the producer can turn the raw coconuts into cash in a matter of days. Copra produced by smoke drying is of poor quality but it finds a ready market in Marseilles.

The major variables affecting short run supply appear to be the following:-

- (a) Wants, satisfiable by cash.
- (b) The disutility of effort.
- (c) The price of copra.
- (d) Income opportunities from other sources.
- (e) Consumer goods price inflation.
- (f) Technical marketing factors.
- (g) Natural hazards.
- (h) Perceived habitual production targets.
- (i) Availability of time.
- (j) Confidence in buyer integrity.

The short run function is therefore highly complex and many of the variables are of a subjective nature. The subjectivity and the lack of quantitative data limit the application of an econometric approach.

The above variables may be categorised into a number of sub-groups. Firstly are those which emanate from the producer himself or his social environment. Such variables are felt wants, disutility of effort and habitual production. Secondly, there are the exogenous variables which lie largely outside the control of the producer or of his community. These comprise the physical constraints of natural hazards and technical marketing factors such as shipping, storage space and the supply of empty copra bags which set upper limits on production. There are also monetary factors, inhibiting or inducing production, to which the producer responds. These are the price of copra, the prices of other produce, wage rates and consumer price inflation. The last subgroup is composed of those variables which are influenced by both external and internal factors. Time availability may be regarded both as an exogenous constraint -- there are only so many hours that one is able to work in a day -- and as an endogenous factor in so far as time is valued by the use to which it is put. Confidence in buyer integrity, important when copra is sold "on consignment" or in the expectation of a future bonus, may stem in the first instance from the previous behaviour of the buyer (ie. be exogenous). But the producer's reaction is ultimately conditioned by how he believes the buyer will act and this may be derived from a stereotype which does not accord with reality.

#### Wants.

The definition of a want used here is the deficiency of anything which will yield utility (satisfaction). All wants are considered to have urgency; if something has no urgency, it is not a want. A need is defined as a want, the satisfaction of which will yield more utility than the disutility involved in obtaining it (or trying to obtain it). Cash crop production is

influenced by those wants which are satisfied by cash goods and services. The particular goods selected will depend upon the availability of substitutes and their relative prices in relation to the (marginal) utility that they will eventually yield.

Want satisfaction is thus the main spring of production; remove the desire to satisfy wants ~~then~~ <sup>and</sup> you get no production. It is not necessary for the purposes of my analysis to enquire in any depth into the motives behind want satisfaction, only to point out that the strengths of the motivations to satisfy wants will vary (ie. the urgency of wants will vary). The nature of the motivations will therefore be taken as given.

On the reasonable assumption that one cannot fulfill one's wants all at once, it is necessary for the producer/consumer to rank them in some order of preference.<sup>2</sup> In Galbraith's terms (1970:141), there is a diminishing urgency of wants and one will attempt to satisfy the most urgent wants first. More specifically in my scheme, there are various levels or more precisely collectivities, of wants, satisfiable by cash goods and services, commencing at the highest, most urgent level -- the perceived minimum expenditure level. This accords with the view of Joan Robinson, among others, that:

"Generally speaking, wants stand in a hierarchy;... and an increment in a family's real income is not devoted to buying a little more of everything at the same level, but to stepping down the hierarchy" (1956:354).

Wants may change either absolutely by the addition of new wants or by the intensified urgency of existing wants eg. "luxuries" becoming "necessities".

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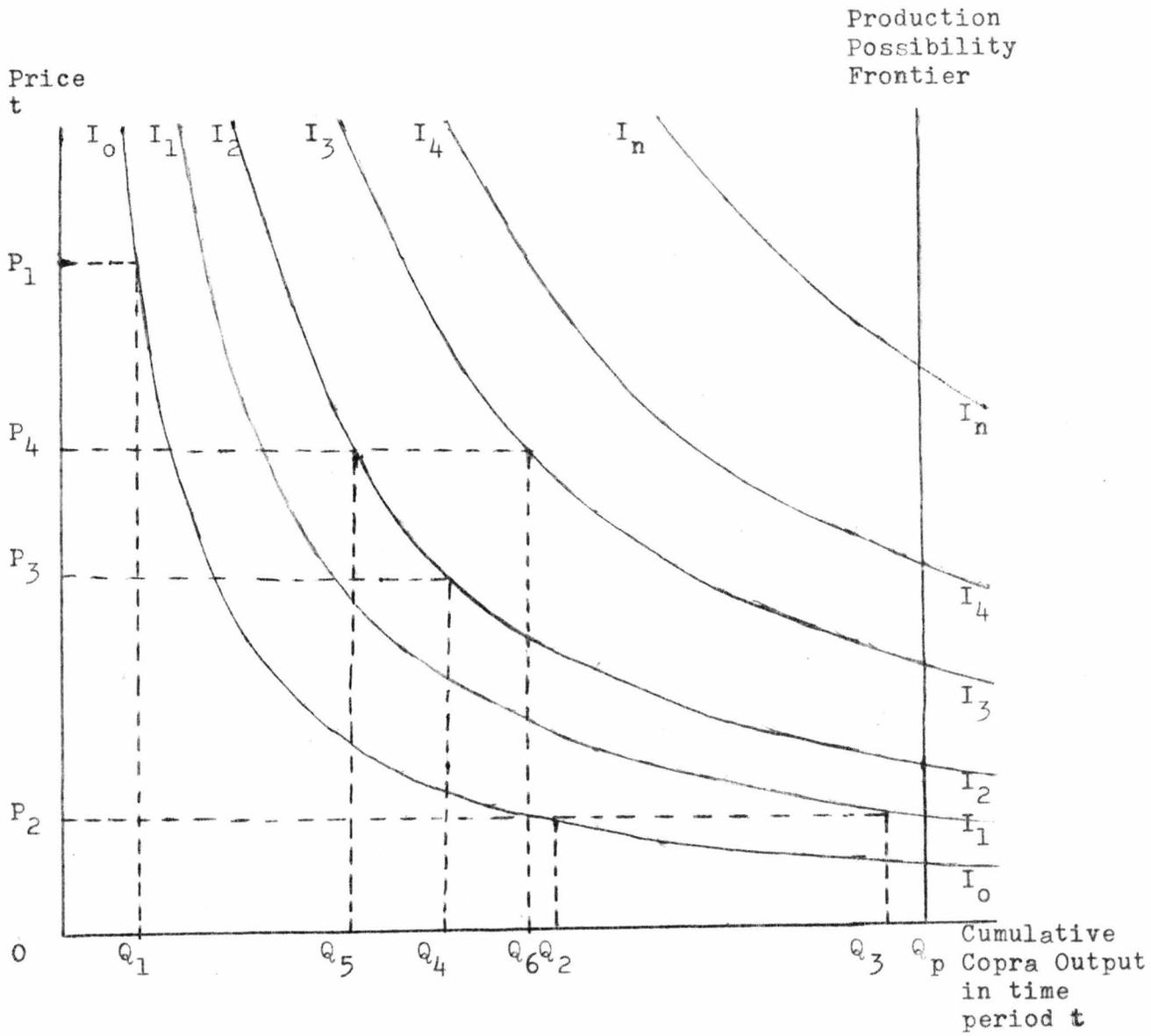
2. Lancaster (1966) argues that the order of acquisition of goods depends upon both the utility yielded by a good and the technology of consumption. Paroush (1965 and 1973) regards the technology of consumption as being the major factor on the grounds that it is more "efficient" to buy certain goods before others.

Over time there will be a continual change in the hierarchy as the individual constantly redefines his needs and aspirations. I will come back to this but for the initial analysis of short term discontinuous production the pattern of wants is taken as fixed. It is also assumed that within a given time period, wants which have been satisfied do not recur within that time period. Both assumptions will be relaxed as the argument develops.

In figure 5, it is assumed that there is only one source of income open to the individual producer, he has no control over price, there are no variable (cash) costs of production and the prices of goods and services are constant. In time period  $t$ , let the cumulative income needed to purchase goods and services to satisfy the least urgent want at increasing levels of want be represented by a series of rectangular hyperbolae, isoquants  $I_0 \dots I_n$ , such that the further the curve is from the origin, the greater is the total income required to satisfy these wants. The number of levels is determined subjectively by the individual (if his wants are unlimited, there will thus be an infinite number of isoquants). Each successively higher isoquant represents an accumulation of wants. The higher the level, the greater the money value of goods and services required. At the beginning of time period  $t$ , the model will determine the planned output and income during that time period to fulfil given wants. During any one time period consumption may fulfil a mix of wants of various levels within the planned income range, but the strength of wants over the whole period will dictate the income required.

The curve nearest the origin,  $I_0 I_0$ , in figure 5 represents the perceived minimum income/expenditure level. Being a rectangular hyperbola, the area bounded by any two price/output coordinates along the curve is the same. If price is  $OP_1$ ,  $OQ_1$  output is needed to satisfy the minimum level

Figure 5. Discontinuous Production



of wants. At price  $OP_2$ ,  $OQ_2$  output is needed -- a fall in price leads to an increase in output. If the producer aspires to satisfy a higher level of wants, say at  $I_1I_1$ , then he must increase total output. At price  $OP_2$ , he must produce  $OQ_3$ , an additional quantity of  $OQ_3-OQ_2$ . Once the extra is produced and the income to satisfy those wants that the producer wishes to fulfil is obtained, then production may cease in that time period. The producer has attained his objectives for the time being. But in the next time period  $t + 1$ , he will be faced with a new set as some wants recur (eg. the need for food and clothing) and new ones arise. In each successive time period the process restarts but the pattern of wants may differ, the output to satisfy them may differ and, by extension, the time taken to satisfy them may differ. Copra price movements may increase or dampen the output response. The stop-start mechanism is therefore built into a demand-governed model of supply and the empirical evidence is that discontinuous production is the norm for New Hebridean producers.

To make the model a little more realistic, the assumption that wants do not recur within any one time period may be dropped. In order to do this, the concept of a level of wants over time must be defined more closely. Firstly, each level represents a collectivity of wants, incorporating not only different wants but the frequency with which a particular want occurs within the time period and the quantity and selection of goods or services needed to satisfy it. One want may recur each day, another each week, another every three months and so on. Secondly, the producer does not have a check list of wants on which he crosses off each item as he obtains the necessary income. He budgets for an income sufficient to satisfy the totality of desired wants within an estimated time period. The actual length of this period will depend upon how well he has budgeted ie. how quickly

he uses up the income; there being a lag between the receipt of the (total) income on delivery of the copra to the cooperative or trader and the expenditure on the desired goods and services. The more quickly he runs out of money, the shorter the time period; the longer the money lasts, the less frequently he will need to produce. This elides the prospect of saving, which will be referred to again. The variation in the frequency of production as well as the quantity accords with the behaviour of the Ure producers, there is no regular pattern of copra deliveries to the cooperative. Thus the continual striving to satisfy new and recurrent wants and their eventual fulfilment gives a series of peaks and troughs in production, by no means regular and by no means corresponding to price movements.

The special case of unlimited wants, unconstrained by disutility of effort, will not lead to discontinuous production, as the producer will always be on his production possibility frontier, output  $OQ_p$  in figure 5. The same also applies to any producer who desires to satisfy wants at a level beyond the production possibility frontier. He is prepared to work more to reach his objective but lacks the necessary resources. He will have to settle for the highest level of satisfaction possible, any income unspent being saved towards reaching the presently unobtainable, but believed eventually attainable, objective.

Changes in total wants are accommodated in the model by shifting the position of the isoquants. At a given copra price, the addition of a new want will shift all the isoquants outward from the level at which the want is incorporated, calling forth extra output to obtain the income required. The widening of an existing want i.e. more of the same goods or the same more frequently, will also shift the isoquants outward. A change in the relative urgency of a want will affect the position of the isoquants depending on the resultant changes in income required.

The time perspective is important in considering changes in wants and income. To follow Duesenberry, present consumption is influenced by past levels of consumption. To expand on this, wants will be re-grouped into three temporal categories which I will term "recurrent", "occasional" and "aspirant".<sup>3</sup> Recurrent wants are those which the consumer would like to re-satisfy at regular intervals, these include the goods and services thought necessary to maintain living standards. Occasional wants occur irregularly and may not require repeated satisfaction eg. the need for medical treatment. Both recurrent and occasional wants are intended by the consumer to be satisfied within the foreseeable future. Aspirant wants are those which the consumer would like to satisfy but does not or cannot for various reasons, including the price and availability of the necessary goods and services.

If all recurrent or occasional wants cannot be satisfied with the income available, in the absence of credit the less urgent will be held over until more cash is received. In the meantime, their absolute urgency is likely to increase, depending on how essential they are thought to be. If they were budgeted for, this may impel the producer to earn more next time or increase the frequency of production; either way more will be produced. If, however, the planned income level remains unchanged in a given time period, then the fulfilment of these wants will have to be foregone. Should income consistently fall below planned levels, the recurrent or occasional wants which did not get satisfied will no longer be regarded as currently satisfiable but become aspirant; living standards will have dropped.

If actual income received exceeds the planned amount, the extra income may be used to satisfy less urgent wants, or, if there are none outstanding,

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3. Walter (1974:220) classifies store expenditure into "regular necessities", "occasional necessities", "regular luxuries" and "occasional luxuries". Other necessary expenditure, even when foreseeable, becomes "emergency".

saved, given away or otherwise disposed of. If the money to satisfy recurrent or occasional wants in the next time period is earned in advance, the planned income for the next period may be reduced or it may be kept constant so as to satisfy aspirant wants. If the consumer has unfulfilled aspirant wants, a consistently higher than planned for income may cause <sup>aspirant</sup> wants to become regarded as recurrent or occasional and incorporated into the individual's short term expenditure plans; his material expectations will have risen. A similar idea is contained in Milton Friedman's Permanent Income Hypothesis: consumption plans do not change if an income change is thought to be transitory, but if it is thought permanent consumption changes accordingly (Friedman 1957).

Rising aspirations are not solely a function of increased income prospects over time. They may for instance be due to a feeling of relative deprivation if other people's material lot improves in relation to your own - Duesenberry's Relative Income Hypothesis. Or else "big man" ambitions may be translated from the traditional sector into the cash economy (Epstein 1970).

The model of production-for-use values has what Sahlins calls a built-in anti-surplus principle. As expenditure for the most part governs income, not vice versa, the marginal propensity to consume will be near one. From table 24, the percentage of income estimated saved by Ure Co-operative members in 1976 was 3.75. Yet the producer cannot be expected to plot the continual changes that take place in income. "Overproduction", giving income in excess of that budgeted for, may occur. If this extra income is saved, it does not mean that it is earmarked for future spending - it is a residual and may be kept out of circulation indefinitely. This ties in with the lack of withdrawals at many Savings Bank agencies. The model does allow for money to be deliberately saved for future expenditure but

it is debatable whether this would constitute a surplus. There is little to support Blyth's contention that in "primitive South Pacific economies" there is a steeply rising marginal propensity to save as income rises (Blyth 1969). However, this could be expected in the short run if consumption wants were limited and income exceeded the planned target; most of Blyth's data were for short periods. He also equated saving with investment expenditure. There are indications in some cases at Ure Co-operative that higher income is related to a proportionately higher expenditure on investment goods, as conventionally defined. In general, current rural economic behaviour in the New Hebrides points to a production-for-use rationale. This may change with an increasing degree of monetisation, as Blyth argues, but it is taking its time.

#### Effort.

The utility of effort is the second key concept in the model. Use is made here of the work of Chayanov (1966). In Figure 5 assume that the producer desires to satisfy wants at level  $I_2I_2$ . At price  $OP_3$ , he must produce  $OQ_4$  copra. Suppose the price rises to  $OP_4$ , then the producer, should he still wish to satisfy wants at the same level, need only produce  $OQ_5$  copra. An income effect operates. Alternatively, the producer may be encouraged to produce a little more,  $Q_6-Q_4$ , in order to reach a higher level of want satisfaction,  $I_3I_3$ . This is the substitution effect. In making the decision, he is likely to weigh the extra drudgery of effort against the increased satisfactions obtainable by means of it. A similar mechanism operates with a fall in price; the income effect leading to an increase in output, the substitution effect, a fall. If the perceived minimum income level is reached, the income effect will be dominant.

The next step of the argument follows Chayanov (1966:81-84). With his assumptions (ie. diminishing marginal utility of income and increasing

marginal disutility of effort), the effect of copra price movements is to change the disutility of effort per unit of income. In the case of a price rise, marginal disutility per  $\$$  will be lowered as less effort is required to earn the  $n^{\text{th}}$   $\$$  (the marginal returns to effort are increased). For a price decrease, marginal disutility per  $\$$  will be raised (marginal returns to effort fall). In either case, to produce the same output still involves the same amount of total drudgery with the proviso that the price change may have psychological repercussions which lighten or increase the disutility.

A price increase, resulting in a higher income, will yield more total satisfaction but less marginal satisfaction. The extra dollar satisfies lower order wants. To adjust to the new situation, the producer will equate the disutility of effort needed to earn the extra dollar with the utility it brings. The rate of change of the marginal disutility of effort having fallen relative to that of the marginal utility of income, and in the absence of an increase in the absolute urgency of wants, the last unit of effort will now yield more disutility than the last unit of income gives satisfaction. The income effect will come into play and the producer will reduce his effort until marginal disutility and utility are equal (or more specifically in the case of discrete levels of wants, until one cannot satisfy any more wants without marginal disutility exceeding marginal utility). This equilibrium is Chayanov's Labour - Consumer Balance (Harrison 1974:6). The increased income may trigger an increase in aspirations if the producer feels that a higher material living standard is possible; his absolute urgency of wants has then increased. Each additional dollar will have a higher utility than before. Providing the increase in aspirations outweighs the income effect, the producer will increase effort until the marginal disutility equals the new level of marginal utility

of income. This is illustrated in figure 6.

Curve AB measures the disutility of effort per extra unit of income, curve CD is the utility of cash income needed to satisfy additional wants. It is assumed that output varies positively with effort, copra is the only source of income, and technology and the prices of goods and services are constant. The marginal disutility of effort per \$ equals the marginal utility of income where the curves AB/CD intersect. At this point income is  $OY_1$ . A copra price increase will shift curve AB down to say  $AB_1$ . The marginal disutility per \$ declines proportionally to the price increase, there being no variable production costs, scale economies or subjective changes in disutility. If the producer continues his effort as before, he will receive  $OY_3$  income. But here the marginal disutility of effort per \$ exceeds the utility that the last dollar brings (by RS in the diagram) and total effort will be reduced.<sup>4</sup> The new equilibrium point will be where marginal disutility = marginal utility, which gives an income of  $OY_2$ . So although the producer works less intensively, his income and total satisfactions increase (the income effect). Should the increased income push up expectations from CD to  $C_1D_1$ , the substitution effect becomes ascendant. Effort will be increased,  $OE_2 > OE_1$ , and income pushed up to  $OY_4$ . A third possibility is that expectations may rise but not enough to offset the income effect, the AB curve will cut the new CD curve below  $OE_1$ . There will still be a fall in effort but not so great and income will be higher than  $OY_2$ . The producer's behaviour will be constrained if the CD and AB curves intersect beyond the production possibility frontier. He may

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4. The quantity of effort varies as the marginal disutility of effort varies, irrespective of changes in income ie. the last hour of work still yields the same disutility even though it brings in more income than before.

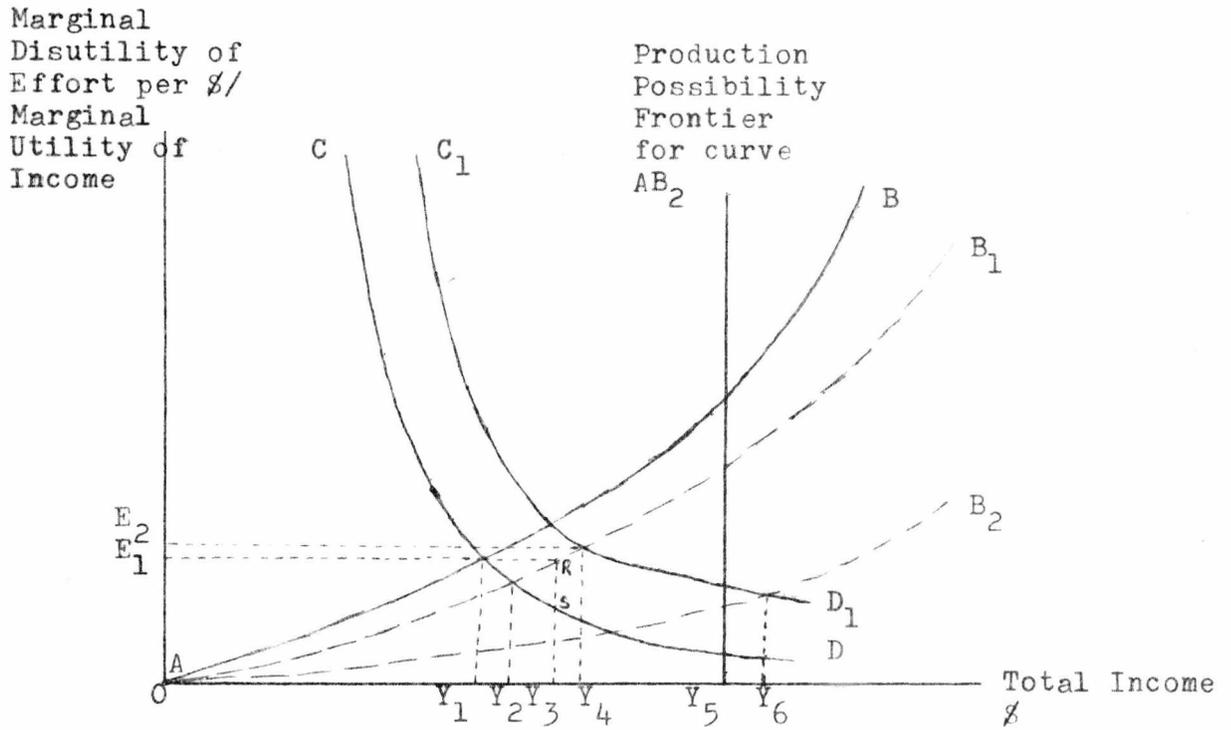
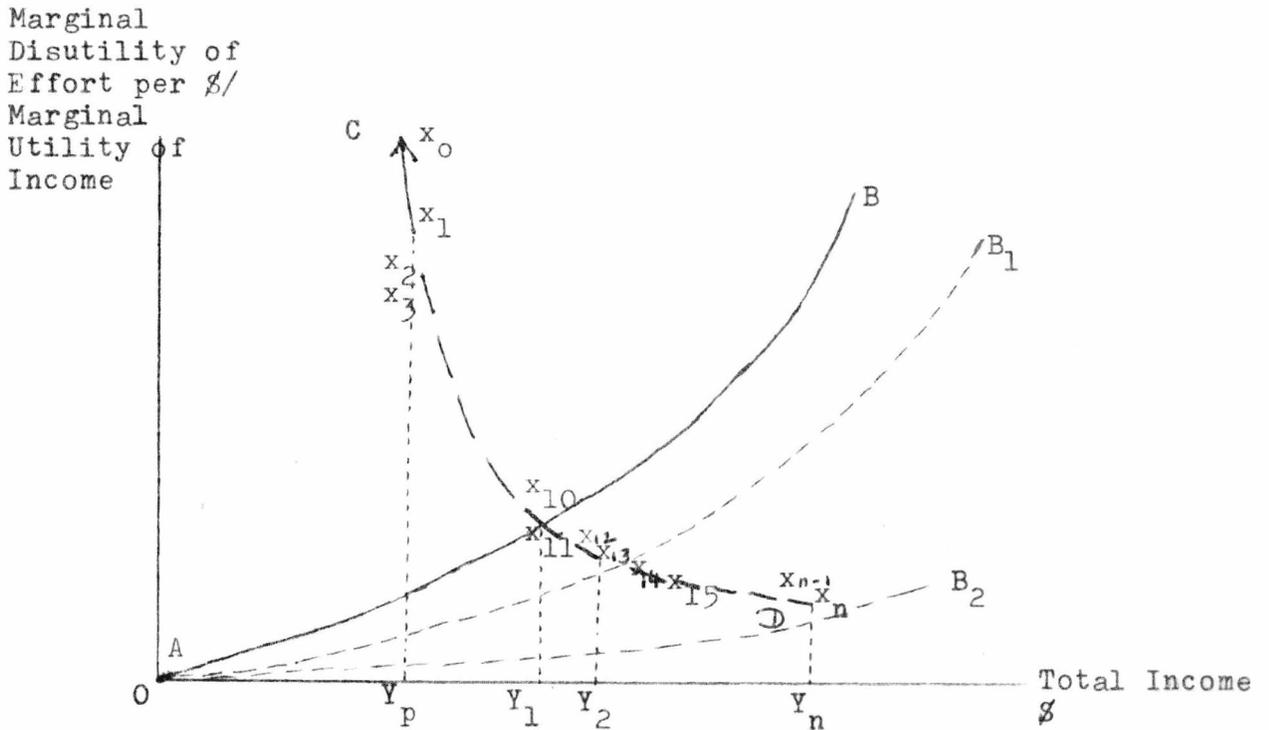


Figure 7. Income/effort trade-off showing hierarchy of wants



like to produce more as his marginal disutility of effort per  $\$$  is below the satisfactions that extra income will bring in but he lacks the resources, other than labour, to obtain that extra income. In figure 6 curve  $AB_2$  cuts curve  $CD_1$  beyond the production possibility frontier. (The frontier shifts, depending upon income changes per unit of output.) The optimal income is  $OY_6$  but the producer has to be content with  $OY_5$ ; he is then an income/output maximiser.

If the urgency of wants are assumed to decline in discrete steps, then the CD curve will become a broken line, each segment of the line representing a level of wants.

In Figure 7 the segment  $x_0x_1$  of CD represents the perceived minimum income level.  $x_2x_3$  represents the next lowest level of wants, and so on to  $x_{n-1}x_n$ . This last segment indicates the upper limit of the producer's wants. If they were infinite, the curve would of course stretch to infinity. Beyond  $x_n$ , extra income would yield no utility. The income required to satisfy the minimum level is  $OY_p$ ; that required to fulfil all wants is  $OY_n$ . The initial equilibrium point is where CD cuts AB. This gives an income  $OY_1$  which will satisfy some wants at level  $x_{10}x_{11}$ , but not all. If a price increase causes AB to shift to  $AB_1$ , then  $AB_1$  cuts the path of CD at one of the gaps in the curve. This is above the highest consumption level to which the producer aspires, given the new price. It is not worthwhile his trying to reach the next level up,  $x_{14}x_{15}$ , as this will mean that the disutility of effort per last  $\$$  would exceed the marginal utility derivable from it. So the producer will aim to achieve the most satisfaction in the circumstances and settle for income  $OY_2$ , enabling him to satisfy the least urgent want of level  $x_{12}x_{13}$ . Similar arguments will apply to shifts in the CD curve, the producer always aiming to reach the highest level of net

satisfaction. A change in the absolute urgency of all wants moves the CD curve nearer to or further away from the origin. Changes in the relative urgency of wants alter the lengths of the segments along the CD curve. In the event of a price increase taking the AB curve below the CD curve, say to  $AB_2$  in figure 7, such that  $AB_2$  never intersects CD, the producer will be able to satisfy all his wants at income  $OY_n$  without marginal disutility exceeding marginal utility.

A price fall will lead in general to a reversal of the process explained hitherto. The AB curve will pivot upwards about the origin. Without any counteracting movement in the CD curve, income will fall and effort will increase because, at the lower income/effort ratio, each extra dollar will yield more marginal satisfaction than before. The CD curve may then shift to reinforce this movement or else may compensate for it. In the latter case, the drop in price may be such that material goods lose their allure and people are not prepared to work as hard, or harder, for less money. The marginal utility of income diminishes absolutely and the CD curve shifts nearer the origin, offsetting the increase in effort and reducing income even more. In fact it seems more likely that reductions in effort following price falls are due to producers switching to other sources of income to obtain a better "effort price" (ie. where marginal returns to effort are greater)<sup>5</sup>. In the case of a reinforcing increase in output over and above that predicted by the shift in the effort curve alone, it may be that a Duesenberry effect is operating. Having become accustomed to a higher material living standard, a fall in price may bring home to the producer how much he values his material well being. He therefore revises upwards his view of the urgency of his wants (his CD curve shifts away from the origin),

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5. Various treatments of producers' response to price changes appear in the literature, see for instance Zaki (1976), Falcon (1964) and Dean (1965).

and strives to maintain his income. If he does not resort to credit or borrowing in some other form, he will have to increase effort further. Where a fall in price causes the AB curve to cut the CD curve in the region of the minimum income level, the CD curve will be almost vertical. The fall in income will thus be small but the increase in output will be very much greater. The price elasticity of supply along the minimum income level is more or less unitary (figure 5).

Wants and effort reconsidered.

~~Having got thus far in the analysis, it is appropriate to take stock.~~  
 I have  
~~It has been~~ postulated that satisfaction of wants is a function of income, drudgery of work, urgency of wants and the availability of desired goods and services. If it is assumed that availability is no problem, three conditions of want satisfaction are then logically possible, given the constraints of income potential (production possibilities times price) and an income/effort trade off (the marginal disutility of effort to earn a dollar must not exceed the satisfaction that the extra dollar yields).

The conditions are as follows:

- (a) All wants are fulfilled within both constraints.
- (b) All wants are not fulfilled, even though the producer is capable of earning enough income to satisfy some, if not all, of these. He does not maximise his income because the marginal disutility of effort per \$ exceeds the marginal utility of income needed to satisfy the extra wants beyond a certain level. Put another way, basic needs (more urgent) are fulfilled, secondary wants (less urgent) remain unfulfilled.
- (c) All wants where the marginal utility of income exceeds the marginal disutility of effort per unit of income are not fulfilled as income is inadequate. The producer is on his production possibility frontier and,

being a price taker, cannot raise his income further. His basic needs, as subjectively defined, are not satisfied.

Case (a) implies limited wants as asserted by Boeke (1953) and Sahlin (1972). Output varies inversely with income; an increase in price leads to a fall in output. In essence, it is a special instance of condition (b); after a certain point the marginal utility of income is zero. In (b), wants may be limited or unlimited, their fulfillment depending upon how urgent the individual considers them to be. Thus a price increase will enable satisfactions to be increased but output will change according to the income/effort trade off ie. whether the substitution (more work) or the income effect (more leisure) is dominant. In case (c) there may again be limited or unlimited wants. If wants are unlimited they may either be subject to the income/ effort trade off or else be of "sustained urgency" ie. although any one want may be satisfied, there will always be other wants to take its place which assume equal urgency (Galbraith 1970:147). If this is so, the marginal utility of income does not decline and the marginal disutility of effort can never exceed the satisfaction derived from additional goods. This is the condition of the infamous economic man, ever striving to accumulate more and more goods. With unlimited wants, or rather needs, the only possible behaviour is to maximise income and continue to supply at the production possibility frontier. Thus, where there is only one source of income, price sensitivity is in itself an indication of the presence of an income/effort trade-off.

Changes in the absolute urgency of wants affect output. In condition (a) an increase in wants will increase output, subject to the production possibility constraint. In (b) an increase in the urgency of wants will also increase output, again subject to production possibilities. Decreases

in the urgency of wants in both cases will result in falls in output. In (c) increases in wants can have no effect if output is at the technical limit (they can, however, induce increases in output over the long term via investment, improved technology etc.). Nor can decreases in wants affect output unless they mean that the marginal utility of income declines such that it falls below the marginal disutility of effort within the production possibility frontier. Then output will decline.

Consumer-worker ratio: The effort/income trade-off tested

At this juncture, it will be useful to compare the model with Sahlins's analysis of household production behaviour and, in particular, his use of what he calls "Chayanov's Rule". This rule, as interpreted by Sahlins, is "the greater the relative working capacity of the household, the less its members work" (1974:87). As it stands, this is perfectly in accord with Sahlins concept of the domestic mode of production which serves to satisfy limited goals:

"The norm of domestic livelihood tends to be inert. It cannot move above a certain level without testing the capacities of the domestic labour force.... The standard of living does not substantially increase without putting into question the existing family organisation.... Moreover if the internal contradictions set off by rising standards thus define an absolute limit, the external contradictions will determine an equilibrium which is low relative to the society's economic capacities. Because...the customary norm of welfare has to be fixed at a level attainable by the larger number of them, leaving underexploited the powers of the most efficient minority" (1974:87).

The prospects for rising aspirations are denied because the change required would be incompatible with the existing household order and so pose a threat to it. Furthermore the level of welfare has to be set low to avoid social conflict as the "inevitable failure" of the many will either provoke violence, if no interhousehold relations exist, or else lead to a permanent disparity in distribution. The domestic mode of production is therefore designed to

perpetuate itself and protect the autonomy of the household from both internal and external threats.

Chayanov's rule was used to demonstrate how production is constrained to avoid these "contradictions". Using this to test behaviour in the Valley Tonga and the Kapauku, Sahlins found that the rule generally held. If though a slope of "normal intensity" were constructed, to reflect "the variation in labour required to supply each household the customary livelihood" (1974:109) then a surplus was produced. The surplus production was put down to a political stimulus through open systems of status competition and reciprocity within the kinship system.

However the rule was in fact Chayanov's explanation of shifts in what I have labelled the AB and CD curves in figures 6 and 7. A household's wants and labour resources change according to the life cycle of its members. To consider the worker/consumer ratio in isolation from the labour/consumer balance is to present only half the story. By drawing upon Chayanov's full analysis a far more simple explanation of producers' behaviour can be given, without denying that political aspirations or social needs are stimuli to production. This conflicts with Sahlins idea of an inert norm of domestic livelihood.

A better Chayanov's rule would be, and here I cite Chayanov:

"the degree of self-exploitation of labour is established by some relationship between the measure of demand satisfaction and the measure of the burden of labour" (1966:81).

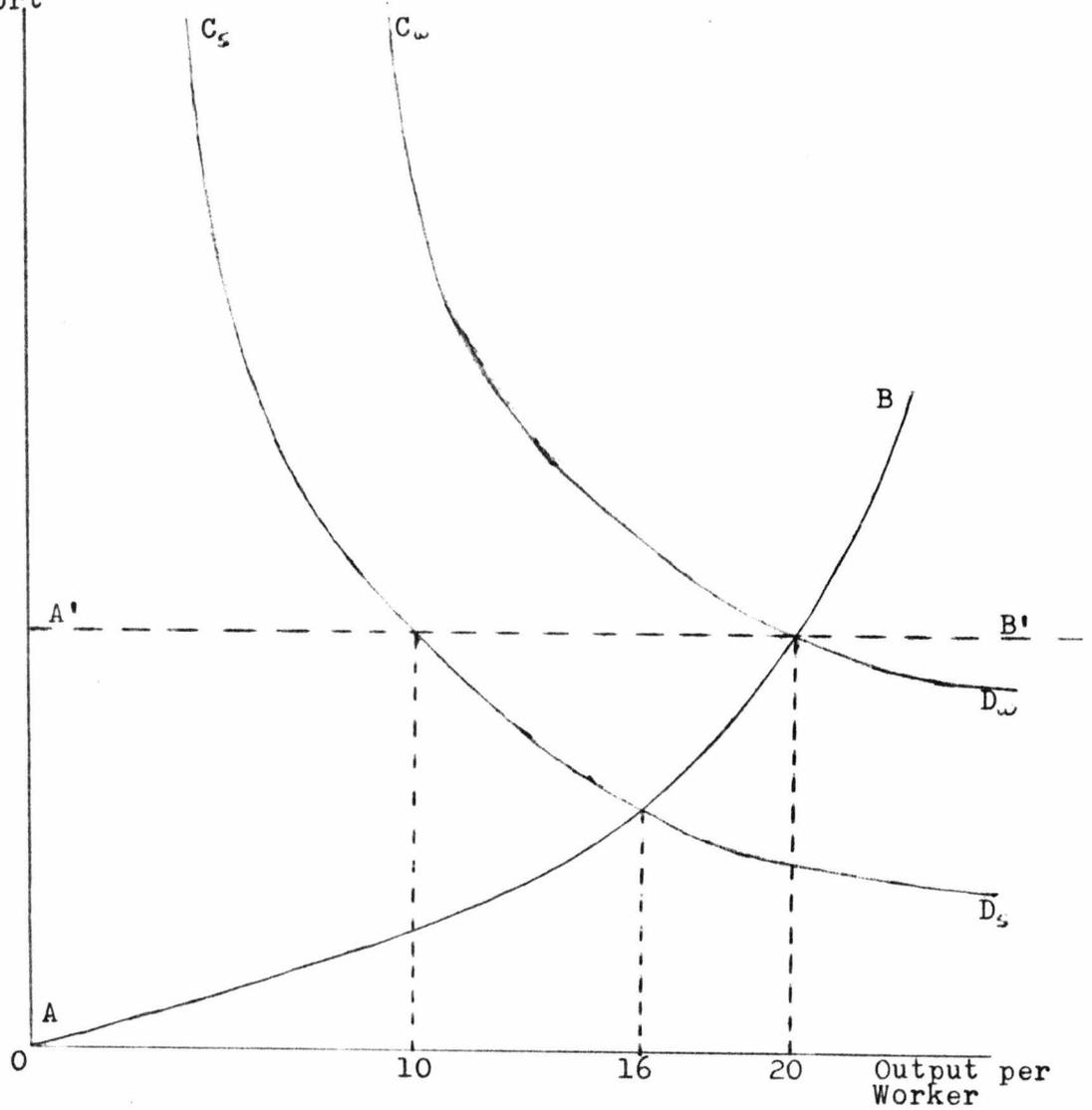
The higher the consumer/worker ratio, the more marginal utility is derived per extra unit of work per worker at a given price level. But the consumers' needs do not solely determine output, the drudgery of work acts to limit want satisfaction. Chayanov's explanation does not require any "economy of concrete and limited objectives", just that at some stage the satisfaction of

wants is constrained by the income/effort trade-off. Surplus production, as defined by Sahlins (ie. in excess of "acceptable subsistence" needs), is not in reality a surplus -- it will be used by the producer to obtain satisfactions for himself, whether they be politically derived or not. The examples of households among the Mazulu Valley Tonga who are producing below "acceptable subsistence" can also be explained in these terms. If Chayanov's representation of the marginal effort and income utility curves is accepted (figure 6), it will be clear why those households with a lower consumer/worker ratio are able to produce more per consumer than the subsistence requirement, while those with a high consumer/worker ratio produce less (as Sahlins found 1974:111). The marginal utility of income curve for the stronger, ie. low consumer/worker ratio, households will be nearer the origin than for weaker households at any given output level as each unit of income (=output) per worker will yield a lower marginal utility, there being relatively fewer consumers per worker. For the stronger households, the equilibrium between effort and income will therefore come at a lower point than for the weak households. Moreover the equilibrium point for the weaker households will be where the effort curve is ~~steeper~~ (although it is sufficient that the slope is positive). More work will yield more marginal utility than for the stronger households but the disutility of the increasing drudgery of work will mean relatively less per consumer is done. Thus, what Sahlins was elaborately trying to justify (1974:114-115) is easily demonstrated by means of Chayanov's complete analysis. Figure 8 illustrates this.

Assume the consumer/worker ratio of the strong household is 1:1 and that of the weak household 2:1. Therefore at 10 units of output per worker, the last unit of output for the strong household will yield the same

Figure 8. Household composition and the income/effort trade-off.

Marginal  
Utility  
of Output/  
Marginal  
Disutility  
of Effort



$C_s, D_s$  is the marginal utility of income per worker for the strong household.  $C_w, D_w$  is that for the weak household.  $AB$  is the marginal disutility of effort per worker. It is the same for both households as the drudgery per unit of output for each worker is assumed not to differ between households.

marginal utility as the last unit of output at 20 units for the weak household. But the marginal disutility of effort per worker is much greater at 20 units of output than at 10. So the equilibrium point for the strong household is at 16 units per worker while that for the weak household is at 20 units per worker, rather than 10 to 20, or 16 to 32 (the "correct" proportion if output per consumer was equated between households following Sahlins version of Chayanov's rule). Only if the AB curve were a straight line, say A'B' above, would the output per consumer per household be the same.

So while productive intensity is related inversely to productive capacity, it is not proportionate to the consumer/worker ratio. The slope of normal intensity, or "true Chayanov slope" as Sahlins calls it, is an artificial device, constructed according to Sahlins own conception of limited wants, ignoring the income/effort trade-off. It does not fit the data from the Valley Tonga, <sup>the</sup> Kapauku, <sup>the</sup> nor <sup>the</sup> peasant behaviour in Czarist Russia.

For Ure Cooperative over the period from March 1975 to December 1976, consumer/worker ratios were correlated against both copra cash income and output (Chayanov used output per worker in rubles, Sahlins used subsistence production). In an adjusted selection of the membership, omitting those whose household composition or production were disturbed in one way or another (Appendix 9), the Chayanov rule was confirmed. The regression for consumer: worker ratio/income per worker was  $y = 1.49 + 0.003x$  ( $x = 16.95 + 29.59y$ ) where  $y$ =consumer/worker ratio and  $x$ = income in \$ /worker. The correlation coefficient was 0.30. So for every increase of 1.00 in the consumer/worker ratio, income per worker increased by about \$30. However, the correlation is weak, as is also evident in Sahlins data for the Valley Tonga and the Kapauku. For output, the regression was  $y = 1.32 + 0.0004x$  ( $x = -306.19 + 741.06y$ ) where  $y$ =consumer/worker ratio and  $x$ =output in kilos/worker. The

correlation coefficient was 0.57. For every increase of 1.00 in consumer/worker ratio, output per worker increased by 740 kilograms. The stronger correlation for output than for income works against the concept of limited material wants as, were this the case, one would expect the correlation between income/worker and consumer/worker to be the stronger; such wants being satisfied by income, not output per se. For the unadjusted population at Ure, the output/worker and consumer/worker regression is  $y = 1.37 + 0.00032x$  ( $x = -253.17 + 682.9y$ ) and the correlation coefficient is 0.47. The correlation is a little less and the slope a little steeper but the general tendency is followed. If the consumer/worker ratio is correlated with income per consumer, the result is  $y = 1.86 - 0.004x$  where  $y$  is the ratio and  $x$  is income per consumption unit.  $r = -0.24$ . Thus the lower the ratio, the higher the income. Overall "Chayanov's rule" goes some way in explaining variations in output among Ure Cooperative members' households.

#### Habit.

"Habit" in this context has a more conceptual meaning than the word normally implies.<sup>6</sup> It is the disposition to produce rather than actually producing at a certain level. In part, it explains the discrepancy between the Ure Cooperative members' actual and ideal behaviour. All other things being equal, a producer would like to undertake a habitual amount of work in a given period of time. However in the real world, other things are rarely constant and output varies accordingly. The proposition is that a conceptually determined level of work, and therefore production, forms a central element from which planned output is either reduced or expanded, depending upon the desire to satisfy wants. Further, there is a predilection

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6. Habit here is not an insurance strategy in consequence of uncertainty (Ortiz 1973). The copra producer's returns to effort are more or less immediate and he will know the ruling price.

to produce at this level which will temper responses to other variables. Habit acts to dampen both price response (substitution and income effects) and changes in wants. There is the feeling that there is a "right" amount of work to be done and one derives satisfaction from doing this work. This may appear similar to Sahlins's "norm of domestic livelihood", if differently motivated. Yet whereas Sahlins translates it into real behaviour, I prefer to stay largely in the conceptual sphere.

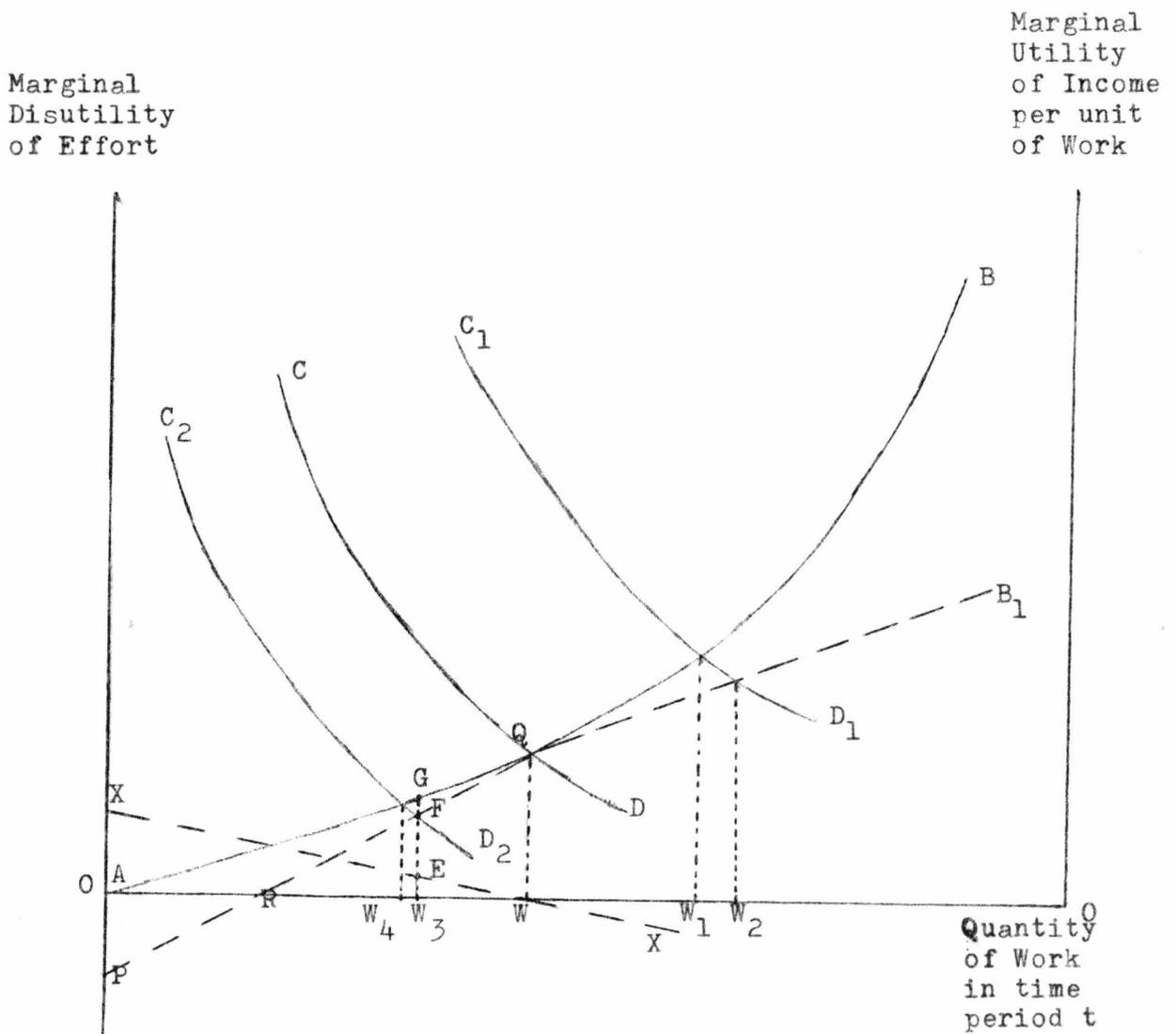
The concept is closely associated with the disutility of effort and may be identified in figure 9 as that part of the disutility curve before it steepens. The curve steepens, not only because the degree of physical drudgery intensifies the more work is done, but because there is an aversion to doing "excessive" work when one could be engaged in more satisfying occupations. A marginal utility curve of work could therefore be drawn (XX in figure 9) and the habitual production level would be where marginal utility is zero (at OW). Beyond this level, disutility occurs and this is added to the normal effort curve. With the substitution effect and changes in wants, any movement up the effort curve increases disutility disproportionately and dampens possible production increases. Similarly with any movement down the effort curve less work does not result in gaining very much utility, and this cushions production cutbacks.

Habitual production is not directly related to income needs and so one might expect habitual production levels to be unaffected by the income effect. But again, it dampens reactions. In figure 9, a price reduction increases the utility of an extra dollar, the CD curve shifts<sup>7</sup> to say,  $C_1D_1$ . Production increases, but less than if the slope increased at the former rate ( $AB_1$ ). Output is at  $OW_1$  rather than  $OW_2$ .

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7. This figure deals with changes in output, figures 6 and 7 deal with income. A price change therefore causes CD to shift, not AB.

Figure 9. Habitual production and response to price change



XX is the marginal disutility of not working ( or its converse, the marginal utility of working ).  
 AB is the marginal disutility of effort.  
 CD is the marginal utility of income per unit of work, drawn to cut AB at the habitual production level.  
 PQ is the adjusted effort curve to take account of utility of work.

The effect of a price increase is a little different. Habitual work is assumed to yield some spiritual benefit to offset against the disutility of the drudgery of effort. This is not to suggest a Protestant Ethic or assert that work is good for the soul, but merely to assume the activity of work up to a certain desired level itself yields satisfactions. This being so, the reduction of output below habitual levels must incur some dissatisfaction in this respect; the further below, the more dissatisfaction. If no work at all was done, the drudgery would be nil but the producer would feel dissatisfied at not having done any work.

In figure 9, a price increase will cause the satisfaction gained from the last dollar to decline, shifting the marginal utility of income curve to  $C_2D_2$ . This cuts the effort curve to give quantity of work  $OW_4$ . But at this point, a marginal increase in work would yield more utility than disutility, there being some satisfaction derived from the act of working (by moving nearer the habitual production level). If the marginal utility from work is subtracted from the disutility of effort, the curve  $PQ$  may be drawn in. Above  $Q$  it is assumed that the  $AB$  curve already incorporates the (negative) utility of work. The  $C_2D_2$  curve cuts  $PQ$  to give a work level of  $OW_3$ . At this level, the marginal disutility of effort =  $W_3G$ , marginal utility of income =  $W_3F$  and marginal utility of work =  $W_3E$ . As  $W_3F = W_3G - W_3E$ , then marginal disutility = marginal utility. Habit has again acted to dampen response. Where  $PQ$  cuts the x axis (ie. at  $R$  where the marginal disutility of effort = the marginal utility of work) the producer would not reduce his production below this level for reasons either of income or of want satisfaction. Such a situation arises at high price levels where the  $CD$  curve has shifted to the left of point  $R$ .

Lastly, it is not asserted that "habit" as defined above necessarily

affects all producers, it is likely to be much weaker or non-existent among those who are the most market-oriented. Also if there are strong competing claims on one's time ie. its opportunity cost is high, the force of habit may be diminished.

#### Natural Hazards

The most common natural hazard is persistent wet weather, which hinders the cutting and drying of copra and makes storage a problem. Worse still, a cyclone may damage or ruin coconut plantations. According to Wilson (1966:62) it takes about two to four years for output to fully recover from a bad hurricane. This seems to be borne out by the 1972 and 1973 national output figures when no less than three severe hurricanes and two moderate cyclones struck between December 1971 and April 1972, affecting all parts of the Group. On Tanna many trees were stripped of their immature nuts. As it takes at least 12 months to produce a new crop, this meant that output for 1972 was more or less wiped out in the worst affected areas. Kahut and Lenakel cooperatives did not restart buying copra until after a 17 month break. On Aneityum island, no production was possible for 14 months. 1972 was in fact the worst year for copra exports since 1946, hurricane damage being compounded by a record low price. The three worst hurricane years since 1950 show marked reductions over the previous years' national output as follows: 1952 (December 1951 hurricane) down about 25%; 1960 (December 1959 hurricane) down about 33%; 1972, down 50%. In the same years average prices were down on the previous years 33%, 20%, and 40% respectively. For 1973 the effect of hurricane damage was more apparent as prices rose 27% above the 1971 level but production was 35% less.

The producer is also faced with the prospect of drought. The coconut tree normally needs 1300 mm of rainfall distributed over the year to crop

well. As most of the soils in which coconut trees grow in the New Hebrides are well-drained, there is little moisture retention should rainfall fail. Wilson records that as a result of the 1958 drought, young nuts had begun to fall prematurely and the formation of new nuts was retarded (1966:60). The Agricultural Department estimated that a drop of 10%-20% in total copra production in 1959 would result. In the event output was up slightly (5% in a year when prices increased some 30%) indicating, inter alia, that in a normal year, substantial numbers of fallen nuts are not used for copra and there is leeway to increase output from these alone.

Disease, insect and animal pests may cause damage. Disease is little problem in indigenous trees and insects are largely controllable by predators. Rats are a major problem, particularly on Melanesian plantations where weeding the plantation is not commonplace. Banding trees with aluminium strips and allowing cattle to keep down the weeds are means of reducing rat damage. Flying foxes and parrots are minor nuisances but difficult to control.

#### Technical marketing factors

Not only has there to be a market for copra, there also has to be access to it. Transport is therefore all important. If the produce cannot be delivered to or collected by the buyer, then there is no point producing. Moreover the regularity of collection influences production; if the producer is unsure when his produce is likely to be collected, and paid for, his willingness to produce will be weakened accordingly. This is particularly so in the more remote islands where the sale of copra is dependent upon the arrival of the trade ship. Without a continuing cash flow of copra revenue, a cooperative will lack the working capital to buy more copra from its members. Long gaps between shipping calls may mean that all the

available storage space is used up. Copra must be stored under cover as its quality deteriorates if it gets wet and mould will develop. Also copra shrinks during storage, perhaps by as much as 20% or more over a 4 month period, depending on how well it has been "cooked". Another problem is the availability of empty copra bags as loose copra cannot be sold. The importance of these marketing factors was highlighted in 1976 when the Federation ran into difficulties:

"On South East Ambrym...societies have not had a visit from a Federation vessel for two months with the results that more than 70 tons of copra await shipment. South and West Malekula had insufficient empty bags before the copra price rise and there is now a widespread shortage of bags.... The M.V. Konanda continues to by-pass the small societies and the less accessible anchorages". (British District Agents' Conference, 1976).

Production was therefore inhibited throughout the Central islands.

#### Copra price

The reactions to price changes have been discussed before and I do not intend to dwell upon them here. It is enough to note that the relationship between price and output varies considerably from one cooperative to another. Generally, the response is probably positive but is obscured by the many other variables. Also reactions to price changes are more to large price movements than fine tuning in relation to small changes.

The individual producer can do little to influence the price that he receives; he is a price-taker. The New Hebrides copra price is based on the world price as reflected by the Marseilles market. Most of New Hebrides copra ends up in the Unipol Mill in Marseilles (table 26). The notoriously poor quality of smoke-dried copra has generally led exporters to believe that only the French importers who have geared their business to it will accept large quantities<sup>8</sup> of such low quality copra. In fact an enquiry in

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8. The New Hebrides is the second largest producer of copra in the Pacific region after Papua New Guinea.

Table 26 Destination of copra exports as a percentage of total copra exports.

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
France	70	82	83	79	74	81	89	93	75	87	89	90	83	61
Japan	9	3	3	12	8	6	11	7	25	13	11	3	1	2
Other	21	15	14	9	18	13	-	-	-	-	-	7	16	37*
	100	100	100	100	100	100	100	100	100	100	100	100	100	100

\* Holland 11%, Singapore 8%, Sweden 6%.

Source: Condominium Statistical Bulletin on Overseas Trade.

1975 revealed that higher prices would be obtainable on the London market. Since 1977 an increasingly larger proportion is being shipped to destinations other than Marseilles. The possibility of an oil mill being opened also offers the prospect of the producer receiving a better deal.

Most copra is now purchased on commission, including that of the Federation. The "beach" price (ie. the advance price) is agreed between the two major companies and followed by the rest. It takes account of shrinkage, freight and other charges with a safety margin to insure against price reductions between the time the copra is received and the time it is sold in the final market. The beach price is usually about 50% of the Vila FOB price, formerly it was fixed at the expected yield less \$20.

The world price of copra is affected by three main factors. The first is production in the major producer countries; the Phillipines and Indonesia account for some 60% between them, the New Hebrides about 1% (Davey & Rogers 1971). The second factor is demand among the major users; the U.S.A. takes about one third of all world imports of copra and coconut oil, Western Europe slightly more. Demand in the U.S.A. is less price elastic than Europe due to the Europeans' greater use of coconut oil in foodstuffs for which more substitutes exist. The availability and price of these substitutes is the other main factor. Depending upon the use, they include fish oil, lard, tallow and cooking fats, petroleum and various vegetable oils. So it is hardly surprising that, with production dominated by the Phillipines and demand influenced by the availability of a proliferation of substitutes, the copra price fluctuates widely. Between April 1972 and June 1975 the price rose from 7800 FNH to 58500 FNH and back down to 8300 FNH (table 3 and figure 10).

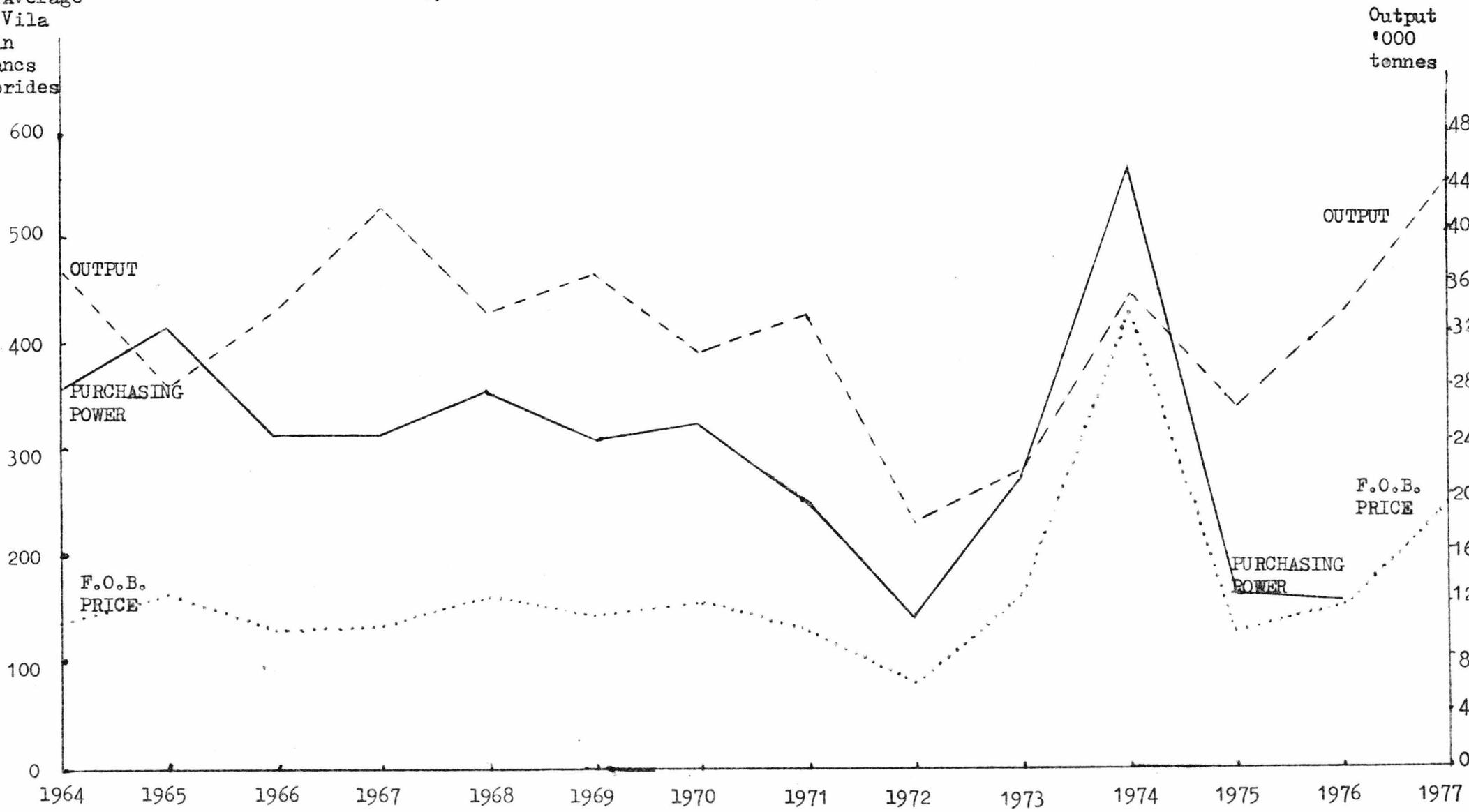
#### Income opportunities from other sources.

As the copra price falls, the "effort/price" of other sources of income becomes more favourable and the producer is likely to switch his

Figure 10. New Hebrides copra output, copra price and purchasing power of one tonne copra, 1964-1977.

(Sources: Condominium Bureau of Statistics Annual Reports on Overseas Trade, Vila Franc Low Incomes Consumer Price Index.)

Annual Average  
F.O.B. Vila  
price in  
'00 francs  
New Hebrides



efforts to these. The producer may also diversify into other crops as a hedge against the uncertain movements of future copra prices. In the New Hebrides, copra has dominated cash-earning opportunities; in eight of the 14 years between 1962 and 1975, copra has provided over 50% of total exports by value (see table 4). This understates its actual importance as many of the other exports do not derive from the rural economy. Fish was the second highest export in 1968-1970 and 1974-1977 and the highest in 1971-1973. It was caught by Korean and Taiwanese crewed ships and processed at Santo town. Manganese, the third highest throughout the period, was mined by a labour force which included many Wallaciens from French Polynesia.

For many years migration was the only other means of earning a major cash income and patterns of circular migration have long occurred in the New Hebrides (Bedford 1973, Bonnemaïson 1976 and 1977). The nickel mines in New Caledonia proved a major attraction and the two townships of Vila and Santo provided some wage labour opportunities. Migration to plantations is no longer prevalent as workers are now largely drawn from surrounding areas, and the plantation sector is declining anyway. The traditional migration pattern was to leave the island for a few months in order to earn enough money to enhance the standard of living and then return home to the island (Bonnemaïson 1976:9). Bonnemaïson estimates that until 1971 about two thirds of all migrants who came to work in Vila and Santo were of this type. However in 1971/72, a change occurred strongly connected to copra. Due to severe cyclone damage and the drastic decline in copra prices, coupled with a building boom in Vila which demanded labour, a wave of migration was triggered off. To Bonnemaïson, the trauma of unparalleled rural depression was the catalyst for one way migration. The new migrants

did not intend to return home and they did not wish to seek the support of the home-island communities that existed in the towns. The link with the home environment was eroded (ibid: 11). Whatever the eventual outcome, and my own view is that links with home are more enduring, it is clear that copra price and migration are inversely related. If one's source of income to buy needed goods and services is cut off, then the impulse to migrate will be strong, the more so if any Duesenberry effect exists.

To overcome the reliance upon copra, the Agricultural Department's efforts have been devoted to diversifying rural production. On Tanna vegetable production has been promoted (see page 229 ). In the Northern and Central Districts, cocoa has been advocated as an alternative crop. It may even be grown underneath coconut palms. The depression in copra prices in 1972 renewed interest in cocoa. In value terms, cocoa production in 1973 increased nearly four fold and new plantings were made. In 1975 and 1976 cocoa provided 5% of total exports by value, rising to 7% in 1977, the third highest export. Shell also provides an alternative in some places (eg. Banks Islands and Aneityum) but stocks are being fished out. Throughout the Group there has been great interest in cattle. In 1974/5 New Hebrideans owned over 16,000 head. Ten years before it was rare to see cattle in the villages (Condominium Agricultural Department Annual Report 1974). On Tanna, Pentecost and Santo there are coffee trees, but despite very high world prices and attempts in the past to encourage production, very little coffee is produced. The Agricultural Officer in the Southern District puts the lack of enthusiasm down to the labour intensive nature of coffee production as well as past low prices. Continual weeding is necessary. Processing by the producer, although simple, is time-consuming (pulping, fermenting, washing, drying, peeling and polishing, although the last two

may be done by the buyer). As I interpret it, the producers are having regard to the potential income/effort trade off in view of uncertainty over future returns. While they are unsure of a market for the crop, they will not consider it worthwhile devoting their efforts to processing it. There was, however, a potentially successful strategy. This would have been to set up a central processing plant to remove the irksome processing tasks from the producer, and then for the producer, at least initially, to have been guaranteed a price large enough to give some incentive. Coffee has never been a staple crop on Tanna and it needed a monetary inducement to establish it. With both vegetables and cattle the income has been more assured and the returns to effort have been much better. The Tannese are now considerable producers of both.

The remaining sources of alternative income to copra are generally local in character. For instance, North Ambrym has built up an artifacts trade, supplying SCAF's tourist shop in Vila. Aneityum had for many years a saw-mill which provided wage work. This closed down in 1976. East Erromango, too, had a logging operation between 1971 and 1974. The small island of Aniwa produces oranges which it ships to Vila. The vegetable markets of Vila and Santo are utilized by producers in the surrounding areas but, in the outer islands, markets where they exist are very small scale. On Tanna, where the Lenakel market is probably the largest outside the urban areas, local vegetable sales do nevertheless provide a useful supplement to income. The women are particularly involved in market selling, nearly all the Lenakel and Vila market sellers are women.

There are a limited number of bisnis opportunities outside agriculture open to the rural New Hebridean. The principal among these is speedboat operation. In the outer islands, roads are few and the only way to travel

about effectively is by sea. The small dug-out canoes are still used extensively but travel over any distance is by speedboat. The ownership of boats thus imparts some power in the community and boat ownership is a source of prestige as well as revenue. Actual operation is likely to prove unprofitable as engine maintenance is not always a priority, repairs are expensive and the capital outlay is heavy. Much of the foregoing also applies to truck operation. The traditional occupation of the New Hebridean bisnismen was to operate a store and there are still a few privately owned stores remaining around the islands, most small scale and ill-stocked. Lastly, the opportunities for local wage work are very restricted. Apart from the relatively few cooperative secretaries or government employees, wage work in the villages amounts to little more than odd jobs, most of them copra-related (table 24).

To sum up, alternative sources of income impinge to greater or lesser degree on copra production, depending on the comparative effort/prices. Migration is perhaps the most drastic. A migrant's coconut holdings may not be worked in his absence, as is the case with both the Ure households where the head of the household is away. Cattle raising is the least demanding of time so this will not compete strongly with copra; if cattle are grazed under coconuts, it may even be regarded as a complement. Coffee and cocoa production, which are more labour intensive, can be expected to be more direct competitors. It is relevant here that, on most islands, land resources are not yet under pressure, either in terms of total population or because of customary land holding arrangements. Effort is therefore the prime consideration in production calculations. Furthermore, as coconut trees are more or less permanent fixtures (they may crop for 50 years or more), there is not much question of changing their land use in the short term. Replanting is of course a different matter.

### Consumer goods price inflation

For any demand-based model, inflation must be taken into account and, for this purpose, I have used the only available index, the Condominium Statistics Department's Vila Consumer Price Index (Low incomes). Although it is unsatisfactory to rely on this index, there is a strong relationship between urban inflation rates and rural (cash) inflation rates; store goods and many services are common to both.

From Chayanov's arguments, the purchase of goods and services depends upon their ability to satisfy wants in relation to the disutility of effort required to obtain them. Should the general price level rise, the marginal utility of income increases. Although it buys less, the marginal dollar is used to satisfy a more urgent want than formerly. The CD curve in figure 6 shifts out, effort and output is increased.

In table 27, five of the eight cooperatives selected show a negative relationship between output and inflation, with (for the most part) a definite if moderate correlation. On the face of it, this contradicts Chayanov, suggesting that the rise in store prices deters producers from working as hard for less. However, at nearly all cooperatives, money expenditure has increased over time. This leaves the possibility that, as inflation mounts, consumers are pressed to find alternative sources of income with a better effort/price. Thus they move out of copra production into better-paying alternatives. Money income and expenditure rise but copra output falls. In all five cases, the relationship between output and price is positive, which also fits in with this explanation -- a better effort/price causes more to be produced.

The predicted Chayanov effect is more evident at the other cooperatives. For Lonbato Cooperative the two regression coefficients are positive. This may be because alternative income sources are less readily available, very

Table 27 Copra output as a function of retail price inflation and copra price.

Cooperative Society	Island	Function where y=copra output in tonnes, $x_1$ = inflation index (see notes) $x_2$ = annual average copra price FOB Vila in '00 francs.	$r^2_{y \cdot x_1 x_2}$	Partial correlation coefficient output/inflation $r_{yx_1 \cdot x_2}$	Partial correlation coefficient output/price $r_{yx_2 \cdot x_1}$	Period
Ure	Tanna	$y=275.81 - 1.79x_1 + 0.13x_2$	0.49	-0.70	0.24	1967-1975
Lenakel	Tanna	$y=115.89 - 0.76x_1 + 0.09x_2$	0.45	-0.66	0.35	1967-1975
Pele	Pele	$y=82.18 - 0.28x_1 + 0.11x_2$	0.26	-0.36	0.47	1967-1975
Nisile	Epi	$y=29.69 + 0.82x_1 - 0.14x_2$	0.19	0.54	-0.35	1967-1975
Litz Litz	Malekula	$y=39.93 - 0.02x_1 + 0.11x_2$	0.23	-0.02	0.48	1967-1975
Lonbato	Ambrym	$y=6.39 + 0.28x_1 + 0.29x_2$	0.63	0.31	0.76	1976-1975
Anababanava	Malo	$y=-22.44 + 1.38x_1 - 0.03x_2$	0.42	0.62	-0.23	1967-1974
Telili	Maewo	$y=209.46 - 1.90x_1 + 0.32x_2$	0.49	-0.64	0.68	1967-1974

Notes. Sources: British Cooperative Department Annual Reports and the Condominium Bureau of Statistics. The inflation index is based upon the Vila Consumer Price Index (Low Incomes), published by the Condominium Bureau of Statistics. The categories are (weights given in brackets): Food (465), Drinks and Tobacco (102), Clothing (141), Rent water fuel electricity (21), Household goods (79), Transport and communication (97), Recreation, health and education (95). The index numbers are: 1967:85.2, 1968:91.7, 1969:93.6, 1970:94.1, 1971:100.0, 1972:110.0, 1973:113.0, 1974:134.6, 1975:174.5.

few other cash crops are produced on Ambrym and there is no local wage work. At the remaining cooperatives, where a negative output/price relationship is coupled with a positive output/inflation relationship, it could have been that the perceived minimum income level was being approached. To keep up the desired living standard in a time of rising inflation, more must be produced. Similarly, if the copra price falls, output must go up to maintain the necessary income.

All the foregoing serves to emphasise that more research is needed into the effects of inflation on output. It is worth noting that the correlation between output and inflation is stronger than that between output and price in half the cases, and price has long been considered a major variable in output responses.

#### Confidence in buyer's integrity.

The question of whether the seller thinks that he is getting a fair deal is not necessarily related to loyalty. Thus, with store purchases, New Hebrideans may not like dealing with Chinese traders but if the merchandise is cheaper, and it frequently is, they will buy. Yet loyalty can hardly be maintained if the seller thinks that he is being treated badly. For example, in 1976 Pinalum Cooperative Society on Malekula complained that the Federation had not made a second payment on copra to which they were entitled. As a result, they entered into their own shipping arrangements and sold the copra direct to a commercial house in Santo. Where there are no alternative outlets, the result may be that, rather than sell copra on what is considered to be an unfair basis, the members will cease producing.

The empirical evidence relates to lack of confidence in (i) traders; (ii) the cooperative society; and (iii) the cooperative apex organisations. The first is more of historical significance now and has been covered in chapters two and five. Lack of confidence in the cooperative society has

been a reason for weak production in a number of places. For example, at Narvi Cooperative on Tanna the Cooperatives Inspector reported "There is some copra but they don't bother to cut as they don't rely much on their store" (British Cooperatives Department Inspection report 1975). In 1974 at Unua on Malekula, where the people were dissatisfied with the secretary of their cooperative, the Agricultural Officer observed that "a lot" of cocoa was still on the trees, while at other cooperatives cocoa was being produced in quantity. The effect may be lessened if there are alternative buyers but nonetheless the absence of confidence is a real disincentive to produce.

The feelings toward the apex cooperative organisations are ambivalent. The societies wish to support them as every society is itself either a member of the Federation or SCAF but at the same time they are given the status of the old commercial housesie. potential exploiters who must be treated with caution. Many societies consider that they have little real control over the Federation. The membership have for the most part only a limited idea of the Federation's role, if they are even aware that their societies in theory own it. *They are not slow in voicing complaints* ~~The complaints against it are not slow in being voiced.~~ At Ure the main ones were about inadequate stock, shipping and the lack of empty copra bags. Especially crucial for production were the complaints about non-receipt of second payments for copra consignments. In 1976 at least six societies complained with some justification<sup>9</sup> that they had not received second payments from the Federation. This is compounded by the practice of crediting payments to the society's account rather than paying cash. It is difficult for members to believe that a book entry is equivalent to a cash payment. If one adds to this the other criticisms of the Federation's service, then it is an easy step for

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9. The Federation's unallocated second payments, net of unallocated losses, were \$149,079 as at 30th June, 1975.

society members to think that they are being treated unfairly and could obtain a better deal elsewhere. East Malekula did indeed turn away from the Federation. When its ship called in the normally high output month of December 1976, at a time of rising prices, only 156 tonnes of produce was collected, 37 tonnes of which was from French cooperatives, leaving over one third of the ship's carrying capacity unused.

Time availability.

The labour time available for cutting copra may be limited at certain times. On Tanna, the clearing and planting season for yams (July and August) restricts the time producers may spend on cash cropping. So do custom ceremonial and the preparations for it. There may also be calls on the producer to provide his labour for cooperative or other communal work. In strong mission areas, prohibitions to work on the sabbath may be enforced which affect not only the cutting of copra but the loading of copra ships. In addition to all these constraints on total time available, there may be opportunity cost considerations; the time spent on one activity means that time on other activities has to be foregone. This is emphasised by Salisbury (1962:106) but I consider that marginal returns to effort are more important. Anyone who has observed New Hebrideans at work will encounter the intermittent effort patterns referred to by Sahlins (1974: 17-28, 65, 85-86). New Hebrideans are rarely pushed for time and the time at work is not necessarily related to the time spent actually working. For the Siane in New Guinea, Salisbury noted that the introduction of steel axes left them with time on their hands. The vacuum was filled by ceremonial due to the "perfect elasticity of political activity by big men: following Parkinson's Law, it expands to fill whatever time is available for it" (Salisbury 1970:11). All this suggests that the opportunity cost of time is

not high. It is effort that is husbanded as people value their labour, not the time, put into a task. This may appear a restatement of the Labour Theory of Value but labour is not valued independently of the utilities that effort brings in; the income/effort trade-off holds.

To make the argument clearer, it is useful to look at a somewhat different approach than Salisbury's. Livingstone (1977) considers an income/leisure trade-off where the producer divides his working time between cash-cropping and subsistence production. For the purpose of this analysis, by "leisure" is meant "time not spent on materially productive activities". However Sahlin's observation that there is not necessarily a clear cut differentiation between work and leisure should be borne in mind (1974:63-64). A simplified version of Livingstone's diagram is reproduced as figure 11.

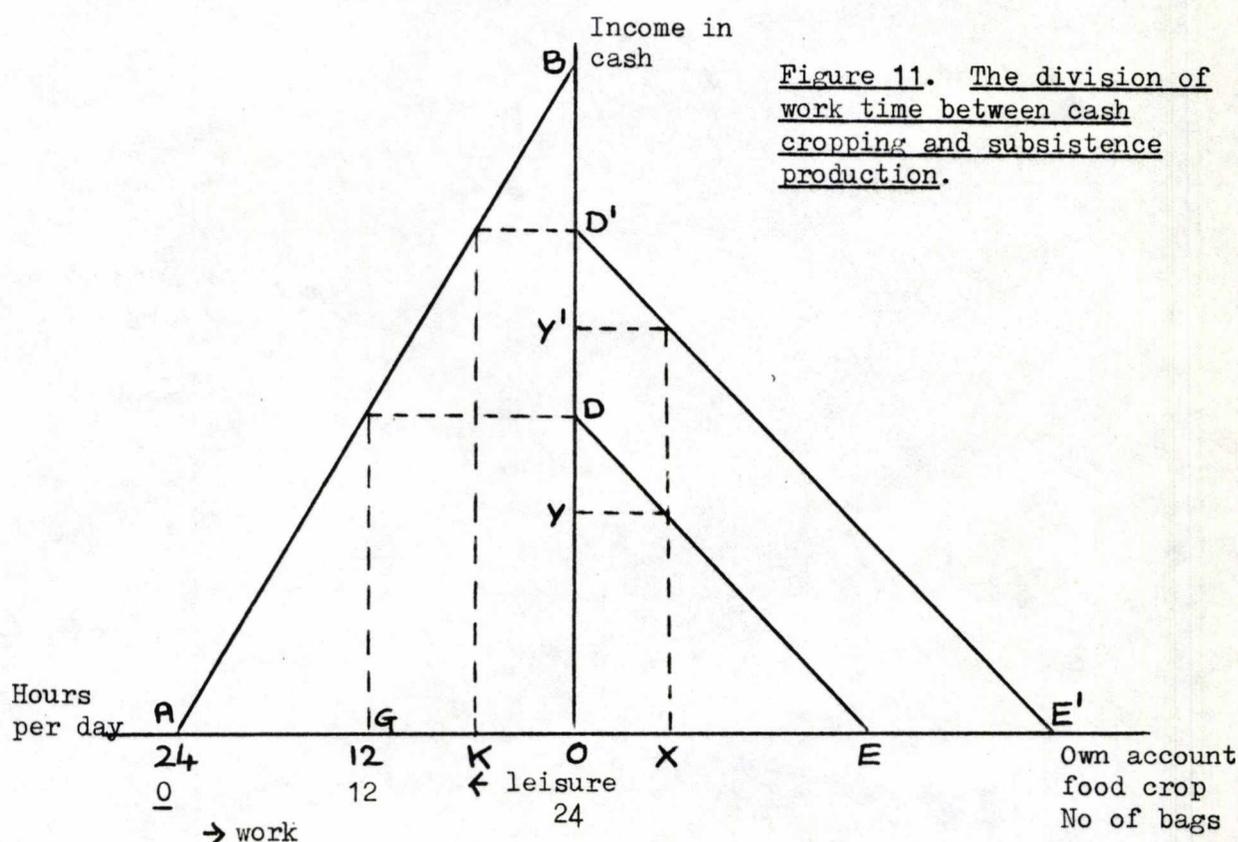


Figure 11. The division of work time between cash cropping and subsistence production.

Assume that one hour of labour yields two bags of the food crop or one of the cash crop. OB is the theoretical maximum income from 24 hours work,

assuming no diminishing returns to effort (ie. AB is a straight line).

Let the producer decide upon 12 hours of work (AG). This allows a maximum cash income of OD if the producer were to spend all his time on cash cropping; or a maximum food output of OE bags if he spends all his time on food crops for his household's consumption. Should he decide to divide his time in order to meet food requirements of OX bags, the rest of his work time being spent on cash cropping, he may expect a cash income of OY. The production of own account food crops thus implies an opportunity cost, not of time, but of cash income foregone.

This analysis is all right as far as it goes but it begs many questions. It tells us nothing about why a producer chooses a certain income/leisure level and little about income/substitution effects other than that

"the supply response will be more positive (a) the higher the consumption elasticity of substitution (b) the lower the elasticity of demand for the staple and (c) the more elastic the supply of effort" (1977:155).

Livingstone suggests that this positive supply response is likely to obtain among small farmers who have relatively fertile land and who can satisfy their own food requirements with minimum labour input, which fits much of Melanesia. Most importantly, Livingstone's trade-off between own account food crops and cash crops may be an illusion; extra cash crop output need not be at the expense of food production, it may be in addition to it. For instance the Paez Indians in Colombia expand their coffee plantations as much as possible without affecting subsistence production (Ortiz 1973:240).

Using figure 11, if work is stepped up to AK from AG, then the budget line will shift out to D'E'. OX food can still be produced while increased cash crop production will bring in extra income YY'. It is thus the income/leisure trade off which counts; only if work time is fixed must a trade-off between food and cash crops occur. This also applies if a target income or a target

food crop output is set, the supply of the non-target product is only restricted if work time does not vary. Despite the drawbacks, Livingstone's analysis does illustrate that it is not time per se which determines producers' reactions. Salisbury's opportunity cost concept is useful, but one must look beyond apparent time costs to effort and the utility of income as the basic factors.

#### The copra-supply function reconsidered

The available evidence suggests that copra production is best explained by a consumer demand-oriented model, at the core of which is a trade-off between the satisfaction of wants and the disutility of effort. The New Hebridean version of cooperatives fits in well with the behaviour predicted by such a model. The wider implications are of some significance. Development plans may come unstuck if rural producers are looked upon either as profit maximizers or else as being content with their material lot. An urban-biased development strategy was advocated for the New Hebrides as "the rural population does not feel the need for as many facets of progress as are desired by the urban population" (Joint Office of Development Planning 1977:59). Had the (expatriate) planners lived for any length of time in a Tannese hamlet, deprived of the basic urban amenities of water and electricity, they may have thought a little differently. The conclusion drawn by the planners is that New Hebridean rural producers have a low propensity to invest. In the final section of this chapter, indigenous investment and the motivations behind it will be discussed.

#### Investment.

Investment may be interpreted in any number of ways (Forde & Douglas 1967:23, Firth 1964: 19 & 26-27) but here it is taken to mean the accumulation of cash-producing capital. The official line, as contained in

the 1977 draft Joint Development Plan, is that rural New Hebrideans have strictly limited and easily satisfiable material needs. They are therefore not motivated to invest in order to increase their cash income. Allied to this is the belief that their time preference is for the short run. The New Hebridean wants immediate returns and will "drop his bundle" if the benefits are too long in coming (Wilson 1966:87). This even though the Tannese have been waiting nearly forty years for John Frum to arrive and other New Hebrideans have been waiting a lot longer for the Second Coming of Christ.

Indigenous behaviour both in the cash economy and traditionally does not bear out the official view of low investment propensities. Central to any response is the return to investment. Formerly, in grade-taking ceremonies, hundreds of pigs were killed (Deacon 1934, Layard 1942). As it takes several years for "quality" animals to grow full-circle tusks, this represented considerable investment. The pay-off was the gaining of high-rank through pig-killing. More recently, the investment in cattle, requiring sizeable cash outgoings, indicates that New Hebrideans are prepared to invest if they ~~feel~~<sup>think</sup> that it will prove worthwhile. After the initial capital costs, cattle rearing involves few variable costs and not much labour is needed. The cash return can be good. On Tanna in 1976 bullocks were fetching up to \$90 if sold locally, the main buyer being the trader. If sold on the Vila market, the return can be very much higher. In 1974 a shipment of Tannese cattle to Vila realised a net return of just under \$200 a head. In addition to cash returns, cattle have some attributes of "big pigs". The possession of a herd does give prestige, although cattle are not used directly in custom.<sup>10</sup>

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10. This may change. Bastin reports instances at Waisisi, Tanna, where cattle have been given in traditional exchange instead of pigs (pers. comm).

While cattle yields a reasonable return, coffee has a number of disadvantages. It is more labour intensive than both cattle and copra production and it requires more equipment than copra. There is considerable fluctuation in coffee prices and a lack of a guaranteed return. Moreover the Tannese grower has been offered prices far below the world price due to the absence of an established outlet for coffee in the Group. In 1974 production was being depressed because of the low price and "many producers did not bother to harvest their coffee" (Condominium Agricultural Department Annual Report 1974).

In 1976 the members of the Naram Cooperative were interested in processing coffee from their existing trees but would not undertake the work unless they knew how much money they could expect to receive for their produce. In this, their attitude conforms to Ortiz's decision-making model in which choice is influenced by the level of uncertainty; the producer will "rank his prospects as to their desirability in terms of outcome and risks" (1973:214).

Much of the foregoing also applies to cocoa which is nevertheless being cultivated quite widely in the centre and north of the Group; the Tannese climate is not suitable for cocoa. There is one significant difference; the market for cocoa has been good in those years when the Agricultural Department put in a drive to encourage production. In 1974 the Department was able to give an optimistic report and noted that a high cocoa price was accompanied by an increased interest in cocoa growing by New Hebrideans. The favourable price conditions were backed up by the distribution of young cocoa plants by the Department. From comprising just 1% of total exports by value in 1972, cocoa had increased its share to 7% in 1977.

The importance of the market price is also demonstrated by the attempt to upgrade the quality of New Hebrides copra. The "good copra scheme" was

launched in 1966. By the following year the prices paid by overseas buyers for poor quality copra rose more rapidly than those paid for good quality. At one time, poor smoked copra sold in Marseilles was receiving a higher price than good copra exported to Japan (British Cooperatives Department Annual Report 1967). To compound this, there were also shipping and storage problems. The problem of paying a high enough differential to compensate for the extra work and expense in producing better quality copra was not solved. In 1973 the Cooperatives Department was still complaining that attempts to raise the quality of copra were frustrated by the relatively high price for "rubbish" copra. This was the last year that good copra was exported. In fact, copra exports as a whole were declining as a proportion of total exports, although the high prices of 1974 arrested the decline. Since the mid 1960s copra exports had fallen from providing some two-thirds of total exports by value to an average of under 40% for the first half of the 1970s. A main reason must be the decline in prices in real terms, coupled with the uncertainty brought about by wide price fluctuations; no Marketing Board exists to stabilise prices as it does in Fiji and most other South Pacific territories. Only one of the Ure Cooperative members had replanted coconuts since 1969. The investment has not been considered worthwhile.

The alternative cash crop to copra and coffee on Tanna is "European" vegetables. The response to the Agricultural Department's extension work on vegetables has been good. Much of the success, I would suggest, is because a market was developed for it, good prices were offered and shipping arranged. Even air freighting was organised. Apart from price considerations, the vegetables do not require processing after harvesting as do copra and coffee. Cultivation resembles that of the traditional root crops and the returns on new plantings are more quickly achieved than with coffee and coconuts. Everything considered, it is not surprising that coffee has not been popular with the Tannese.

A major proportion of investment is communal. The individual satisfies his own wants through the collective action of his community. The cooperative itself is an expression of this. A more specific example is the purchase of a tractor or truck by the cooperative, this being beyond the ability of most individuals. Cattle may be reared by the collectivity; three Ure members are "bosses" of cattle companies and a number of cooperatives own cattle. The Tanna Fishing Company, a consortium of five cooperatives to provide fish for local consumption, is an example of island-wide investment. Investment in social capital is particularly suitable for local collective action. The Niko Latan ("ship of Tanna") alliance of yani niko dignitaries claimed in 1977 that it could raise \$25,000 to install water supply in various areas of Tanna. The Tannese have also set up work companies, the profits of which go towards community development.

#### Innovation and conservatism.

In the New Hebrides, the fall in copra prices in the early 1970s coincided with an expansion into cattle, vegetables and cocoa. The innovative behaviour of producers may be explained by using the concept of the perceived minimum income level introduced at the beginning of this chapter.

The general premise is that innovation will be evaluated by the risk involved and the possible outcome, following Ortiz (1973:254). But this is subject to two riders: (a) If there is a risk of the producer falling below his perceived minimum level by adopting a new technique or crop, he will not innovate. The prospect of losing his social position cannot be contemplated. The more a producer is above his minimum level, the greater scope he will have to innovate, using Ortiz's criteria.

(b) If there is a likelihood of the producer falling below his minimum level in the absence of innovation, then pressures to innovate will develop. Thus in the New Hebrides, the fall in the real value of copra production (figure 10) has caused people to seek alternatives in order to keep up living standards.

As they stand, the two propositions are not mutually exclusive and circumstances might arise where both might apply. But as the objective is to keep above the minimum income level and, by definition, (b) is more likely than (a), then the producer will seek to innovate.

To predict which behaviour will be followed, it is assumed that producers make an assessment of future price trends, even though they may have no information on which to base this, other than past experience. If a steady or rising market is foreseen, there will be no perceived threat to the minimum income level from not innovating and so proposition (a) will apply. In a declining market, the need to innovate will be more pressing (although paradoxically producers may be less able to meet the costs involved). Behaviour will also be affected by changing aspirations or, more strictly, changes in motivations to achieve higher living standards. Other things being equal, if aspirations rise, so increasing the perceived minimum income level, the greater will become the need to innovate in order to achieve and maintain the new standards.

The two propositions may now be restated. The greater the margin between the value of output at the existing production possibility frontier and the minimum income level, the greater the scope to innovate but the <sup>less the</sup> pressure for it, ~~will be less~~. Any change which causes the margin to diminish (ie. the minimum income level to move up or the possible value of output to fall), the greater will be the pressure to innovate.

While there is some evidence on aggregate behaviour in the New Hebrides to support these hypotheses, I lack the data to test differences in innovative behaviour between individuals, such as was attempted by Cancian (1972). From correlating economic rank (resources) with innovation, Cancian asserted that richer producers were more innovative than poorer ones. This may also hold for my model in certain circumstances but not in others. As

Cancian did not account for aspirations or future market trends, I am unable to relate his findings to the model.

Generally, New Hebrideans will invest, providing the likely return is worth the cost, including effort. But the factors involved are not only possible outcome and risk but existing production possibilities and perceived minimum income levels. For innovation to occur, producers must be provided with adequate information on the prospects, so reducing uncertainty. The best inducement for investment is to provide tangible evidence that promised returns may be realised. If expectations are raised which cannot be fulfilled, the continued promotion of new crops or techniques will be undermined. All too often, and the New Hebrides is no exception, the marketing side has been neglected.

CHAPTER SEVENCONCLUSION

"If the people cannot adapt themselves to the methods, then the methods must be adapted to the people" (Schumacher, 1973:179).

"Ideology is not a master but a tool in the service of power"  
(Mao Tse Tung, quoted in the Guardian Weekly, 24 October 1976).

The first aim of this thesis was to present an overview of New Hebridean cooperatives and to account for their popularity and relative success. A cooperative store, built from corrugated iron or bush materials, stocked with a limited range of consumer goods, may not impress the outside observer yet it represents considerable progress to the community. The cooperatives' services, not least the marketing of copra, have enabled rural New Hebrideans to feel that at last they run their own economic lives and may participate fairly in the cash economy.

The attitude to cooperatives in the islands must be understood in the context of European domination of the cash economy. From the earliest days of contact, the European traders and planters were seen as controlling access to material wealth to the detriment of the Melanesian. The indigenous response to this took two basic but not mutually exclusive forms; one was to resort to cargo cultism, the other, to set up small businesses or organise larger ventures such as Malnatco. Both brought few real gains. Indigenous enterprises were longer lasting than many people have believed but they could not hope to compete effectively for two reasons. Firstly, they lacked the necessary business skills. Secondly, and <sup>more</sup> most importantly, they were for the most part unable to deal directly with the import and export houses. European interests controlled the island shipping and the commercial houses often refused to supply Melanesians in order to protect their clients, the traders. Very few New Hebrideans were able to sell their copra on consignment terms. To overcome these problems, government backing was needed and government-supervised cooperatives were acceptable (to both the administration and the people.

To some degree, successful cooperatives may be regarded as a special case. They are not the panacea for all economic ills to be resorted to wherever a problem exists. They will succeed only in the right conditions. These conditions obtained in the New Hebrides. Further, the administration of primary societies was soundly-based and their objectives were realizable, not over-ambitious. The cooperative model may have been an imported idea but the demand for cooperatives came from the people. The model has not been introduced untouched. The by-laws may have enshrined the formal Rochdale Principles but in practice, as is shown in chapters three and four, the cooperatives are operated in line with indigenous concepts. Even so, the societies may fairly be termed "true" cooperatives as defined by the ICA (1967).

The ready acceptance of cooperatives in the 1960s is therefore mainly attributable to the following reasons:

- i) The historic domination of the economy by traders. As such the problem was market imperfection not production inefficiency, a view also expressed by Aphorpe (1971) in relation to East Africa. Cooperatives allowed indigenous enterprises to compete on equitable terms for the first time. To this extent they were not successful because they were cooperatives but because anything which gave Melanesians the opportunity to break the traders' grip would have attracted support.
- ii) Active Government backing for cooperatives in place of their previous apathy. To Youngjohns (1969) there was "no doubt" that the success of cooperatives was due to the work of the British Cooperatives Department's staff. Their advice and supervision was indeed valuable but these would have counted for little without the enthusiastic participation of the cooperative members.
- iii) The compatibility of the cooperative form of enterprise with existing New Hebridean economic and social organisation. Cooperatives had a close affinity with their forerunners, the native companies, and the dividend principle assured their popularity. The new business model was adapted

easily to democracy, New Hebrides style. As regards cooperation in the general sense, there exists in Melanesia a "strong disposition towards joint action, usually by kin-based groups for particular purposes" (Crocombe 1971: 196).

The grassroots nature of the New Hebrides cooperative movement cannot be overstated. Although government help was necessary, it was fundamentally an enabling action. Perhaps the most important function initially of the Cooperatives Departments was to provide a direct line between the producer/consumer and the commercial houses. The British Government also managed to strike a happy medium between too much and too little involvement in cooperative affairs. However, first and foremost, the success of cooperatives must be attributed to the enthusiasm and loyalty of the members. The members' keenness, strengthened by the very real benefits that cooperatives were seen to give, laid the foundation for the spectacular expansion that occurred in the first decade of cooperative activity. The relatively few societies that failed lacked commitment for one reason or another from the people. This also applied to the Federation which was regarded, and still is in some places, as an outside organisation, not controlled by or run in the interests of cooperative members. It is pertinent here to quote Baviskar's comment:

"If cooperatives perform vital economic functions for their members, if they have arisen out of genuine needs of the people and if they have emerged largely due to the initiative of the people themselves, then they are not likely to suffer from apathy, lack of interest and lower level of member participation." (1978:15)

A second aim of the thesis was to look at the internal operations of cooperatives to assess their viability. The quality of a cooperative's secretary and committee is vital to its performance. A committee that is disinterested or a secretary who is inadequately trained or neglectful of his duties will cause severe difficulties. Conflict between office holders and the membership is certain to damage the cooperative. Resentment and jealousies are likely to build up where a secretary or chairman attempts to run the cooperative as his own business. Factional disputes have also weakened cooperatives, underlining the advantage of small cooperatives which

tend to be more homogenous than the larger societies.

Particular attention was paid to consumer credit. Store credit is not as serious a problem in rural societies as it is often claimed. Private stores lasted for many years without foundering on the "rock" of credit. Credit may be given extensively in close-knit communities but customary obligations enforce repayment. Nevertheless, it is a problem among outsiders, such as government employees, and in the urban and peri-urban cooperatives where social ties are looser. At some societies secretaries and committeemen have succumbed to temptation. Credit abuse might be curtailed by the introduction of centralised debt collection. Alternatively the adoption of the Fijian practise of writing-off all members' debts after six months (Gorst 1959:284) might bring home to the whole membership the extent of the drain on profits. In any case credit sales should be properly accounted for in the societies' books instead of their existence being officially denied as at present. The extreme cases of credit abuse have been in the two urban consumer societies, where without the constraint of communal solidarity, run-away credit occurred. Yet even if credit were brought under control in these societies, it is doubtful whether they would have proved viable. The heterogeneous nature of urban cooperatives may not be conducive to instilling loyalty and private competitors may be more cost-effective. Cooperatives are best suited to communities where they can provide services otherwise unobtainable or obtainable at a higher cost.

The Tanna case study related cooperatives to the social conditions on one island and looked again at the historical background to cooperative development, in particular the interaction between the administration and the producers. Tanna was dominated on the social front by the missions, backed by the administration, and on the economic front by the traders. Neither served to improve the material well-being of the people. In these circumstances, it is not surprising that something like the John Frum cult emerged. They have also moulded the people's attitudes to cooperatives. One faction has fought shy of cooperatives, seeing them as tools of a government which sought

to suppress John Frum. Another group have rationalised the ideology of John Frum with cooperatives, using them to break out of the straight jacket of European control of the local economy. However, despite Tannese events, a note of caution needs to be added here. Administrators, missionaries and traders cannot be treated as faceless groups of people who consistently act in the same manner. For example, the different personalities and attitudes of individual administrators have affected the development of cooperatives in different ways.

The underlying theme of the thesis is that production-for-use-values motivates producers. There is a low level of savings; output varies according to household composition and marginal returns to effort. This Chaynovian interpretation is widened to make allowance for rising aspirations, induced by higher produce prices. If the model is valid, the implications are widespread. A national government which seeks to increase production would be best advised to seek ways of stimulating consumer demand. As for cooperatives, the production-for-use-values rationale makes dual purpose marketing/consumer cooperatives the logical and preferred choice of the people. There is a neat circular flow to the cooperative system. Copra is cut in order to buy consumer goods. Cash is given for the copra and this is then spent in the store. The proceeds from the sale of goods finance the purchase of more copra. In reality, there are various withdrawals and injections of cash into the flow but the basic construct holds. This brings out the importance of the consumer side of the business. Take that away and the rationale to produce is lost. The difficulty for cooperatives is that the store operation is far harder to manage than the copra business. With the latter, there are no problems over pricing, stock flows, store credit etc. Even the copra buying price is fixed by the Federation.

It now remains to relate the ideology of cooperatives to their practical success. The future of New Hebridean cooperatives will be shaped by the political leanings of governments post independence. Even so, the dual-purpose cooperative is capable of functioning effectively under any of the

likely regimes, given the commitment of its members. However, it will not be enough to stand on past successes. Cooperatives have both to be seen to be providing material benefits and must develop members' loyalty through education. The need for education in business methods was apparent to those administrators who controlled the purse strings but the case for education in cooperative principles was by no means accepted. The political and ideological implications involved were a deterrent. Yet in the long run, such education is essential for the survival of cooperatives.

"Cooperation, ultimately is the developing of a mental habit, a way of thinking, a way of action and not merely some routine functioning of organisations, important as they are. Naturally this means a system, if you like, of education, and the gradual moulding of the thinking and actions of human beings." (Nehru 1963).

Education thus interpreted is not only to inform but to persuade. Most South Pacific colonial governments saw no need for this, viewing cooperatives not as ideologically preferable to other forms of enterprise but merely as convenient vehicles for the organisation of indigenous business.<sup>1</sup> They may then be an interim stage until the individual entrepreneur can emerge:

"the cooperative fosters a state of confidence and self-reliance not hitherto apparent in the individual person whence it becomes "redundant" and leaves the field to those who can "go it alone" (Fitzpatrick 1975: 286).

For the New Hebrides, Wilson has expressed similar sentiments (1966:94). If this is so, the cooperative contains its own self-destruct mechanism. There is no commitment to cooperation as an ideal nor any desire to promote cooperatives for their own sake.

The example of Papua New Guinea cooperatives cannot be ignored. Cooperatives there were devised by the colonial administration to harness indigenous economic activity into the "proper channels" (Fitzpatrick 1975). Based only upon attaining economic goals and without the ideological motivation to sustain it, the New Guinea cooperative movement has disintegrated.

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1. For example: "Perhaps one of the greatest values of the Cooperative Movement had been the teaching of basic commercial techniques and practical bookkeeping to members of cooperative organisations. About half of those trained in bookkeeping, or with previous experience as employees of cooperatives were now either self-employed or were working in other forms of enterprise" (TPNG Press Release No. 77 1961).

Fauquet's remarks in a wider context are appropriate:

"the danger for the Cooperative Movement would be that it should fail to recognise its own true nature and should make itself manifest only in its purely economic aspect" (quoted in Lambert 1963:236).

Cooperatives in the New Hebrides have had their vociferous critics, particularly since the débâcles of the Federation and the urban consumer cooperatives. They are not the universal remedy for all economic ills but nevertheless cooperatives have increased the material lot of the rural New Hebridean. In the limited but highly suitable role of island marketing and distribution, they are a considerable improvement over what went before. They have contributed to the business awareness of the people and, above all, have drawn them into the mainstream of the national economy. Despite the problems that have arisen, the movement is still strong. The basis remains for some future UK Cooperatives Adviser to refer again to New Hebridean societies as "the best cooperatives I have ever seen in a developing country."

APPENDICES

APPENDIX 1 Price Comparisons, Private Island Trade Stores 1962

Store	Bush Knife	Ox and Palm Corned Beef 12oz Tin	Rice 56lb Bag	Rice per cup	Kerosene per 4 gal Drum	Kerosene per 26oz Bottle	Tinned Mackerel	Soap per Bar
Batiruroi	20/-	4/-	56/-		34/-	2/-		
Bibir	20/-	3/6	54/-	1/-	32/-	2/-		
Belon	15/-	3/-		1/-	30/-	2/-		
South West Bay Company		3/-		1/-	32/-	2/-		
Serowa		3/-		1/-		2/-		
Bowe's Store	15/- to 17/-		52/-	1/-	35/-	2/-		
Solomon		3/6		1/-		1/6		
McCoy's Store	12/- to 16/-	3/- (Pecks)	48/-		29/-	1/6		
Joel's Store		6/- (Imperial)						
		4/- (Carters)		1/-			4/-	4/-
Benjamin		3/6		1/-			3/6	3/-
Marao				1/-		2/-		4/-
Iarkei Co-operative	12/-	3/6 (Ox & Palm)	56/-	1/-		1/-	3/-	4/-
		3/- (Pecks)				(Small bottle)		
Samson's		3/-		1/-	32/-	1/-	4/-	
						(Small bottle)		
Bob Paul		3/-					3/-	
Anselme's Company	25/-	4/- (Ox & Palm)		1/-		1/-	3/- or	4/-
		5/- (Imperial)				(Small bottle)	4/-	
Gordon's Store							3/-	3/-
Ben's Store							2/6	
Christy's Store		4/-		1/-		2/-	2/- to	3/-
							4/-	

Source: G Wallington's personal papers.

Appendix 2Anselme's Company Store, North Malekula, 1962gross profit margins

<u>Good</u>	<u>Buying Price</u>	<u>Mark-Up %</u>	<u>Selling Price</u>
Rice	47/- per 56lb bag	70	1/- per cup (@ 80 per bag)
Sugar	57/- per 56lb bag	40	1/- per cup (@ 80 per bag)
Kerosene	28/- per 4 gal drum	14	1/- per small bottle (@ 32 to a drum)
Ox and Palm Corned Beef	120/- per carton of 48 tins	60	4/- per tin
Imperial Corned Beef	225/- per carton of 48 tins	7	5/- per tin
Scad Mackerel	3/- per tin	AT COST	3/- per tin
Pike Mackerel	3/- per tin	33	4/- per tin
Tobacco	20/- for 26 sticks	30	1/- per stick
Blankets	9/- each	89	17/- each
Bush Knife	20/- each	25	25/- each
Tea	2/6 per $\frac{1}{4}$ lb	60	4/- per $\frac{1}{4}$ lb

Source: G Wallington's personal papers.



- (3) Performance by: (a) Net distributable surplus and  
(b) Net distributable surplus  
membership

Size by membership

(a) Societies' Membership

Societies' Surplus	under 40 members	40 to 60 members	over 60 members	total
under \$1000	27	9	9	45
\$1000 to \$3000	11	13	11	35
over \$3000	4	14	12	30
total	42	36	32	110

(b) Societies' Membership

Surplus Membership	under 40 members	40 to 60 members	over 60 members	total
under \$20 per member	24	10	12	46
\$20 to \$50 per member	6	12	15	33
over \$50 per member	12	14	5	31
total	42	36	32	110

- (4) Performance by: Turnover  
Membership

Size by membership

Societies' Membership

Turnover Membership	under 40 members	40 to 60 members	over 60 members	total
under \$200 per member	15	7	8	30
\$200 to \$500 per member	13	14	17	44
over \$500 per member	14	15	7	36
total	42	36	32	110

- (5) Performance by: Turnover  
Capital

Size by capital

Societies' capital

Turnover Capital	under \$2000	\$2000- \$6000	over \$6000	total
under 3.0	12	9	12	33
3.0 to 6.0	9	16	12	37
over 6.0	15	22	3	40
total	36	47	27	110

Notes: 1973 selected as it was the most recent year for which figures were available that was not subject to unusual climatic or economic conditions. Newly-formed societies omitted.

Appendix 4      Female Membership

Cooperative	Island	Number of Members	Number of Female Members	Date	Remarks
Ure	Tanna	77	1	11.1.77	Married woman - husband in Vila. 3 boys still at school also members, surrogates for their fathers.
Lenakel	Tanna	70	4+ Presbyterian Women's Club	12.1.77	3 nurses + 1 hospital worker
Kahut	Tanna	71	0	11.1.77	
Isangel	Tanna	48	5	12.1.77	All married women. Husbands not members.
Tanben	Tanna	64	1	19.1.77	Woman's husband is also a member. When this society started, 6 women became members to make up the numbers.
Ramasana	Tanna	39	5	17.1.77	Husbands also members - women joined to make up numbers.
Noumis	Tanna	40	0	17.1.77	
Whitesands	Tanna	87	8	17.1.77	5 are married. 2 are non-Finnese single schoolteachers. The other is a young girl.
Iakarapam	Tanna	52	6	17.1.77	4 are married, 2 are single girls.
Pukamlalam	Tanna	25	1	18.1.77	Husband non-member.
Keme	Tanna	28	0	20.1.77	
Kasali	Tanna	61	2	21.1.77	Both are widows.
Narvi	Tanna	27	1	26.1.77	Widow. 9 boys are also members. In all but 3 cases, their fathers are members too.
Naram	Tanna	20	2	27.1.77	The father of these 2 young girls is a member of Pidgin Egg Co-op. 3 small boys, whose fathers are also members, were put in to make up the numbers.
Ipip	Tanna	46	0	31.1.77	
Kasanan	Tanna	21	0	1.2.77	
Sosary	Tanna	47	0	April 1977	
Kaulu	Tanna	48	0	April 1977	
South East Aneityum	Aneityum	47	10+ Catholic Women's Club	9.1.77	5 widows, 2 old unmarried women, 1 unmarried girl, 1 "divorced" woman, and 1 married woman whose husband uses her share.
Nepek	Aneityum	50	7	9.1.77	1 "divorced" woman, 1 old unmarried woman, 3 married to members of other co-op - husbands use shares, 2 daughters of members of other co-op - fathers use shares.

Kokonak	Matasso	29	2	24.2.77	2 young girls.
Momon	Makura	43	7	26.2.77	1 widow, 3 young girls, 3 unmarried older women. One woman is on the committee.
Wviltaken	Efate	53	2	7.3.77	Both married. Husbands non-members.
Paunangisu	Efate	91	4+	15.2.77	
Lokatau	Efate	60	3+	21.2.77	3 young girls, fathers also members.
Pango	Efate	58	2	10.2.77	1 widow, 1 single girl.
Hurxaty	Efate	58	0	1.2.77	
Marotuaki	Efate	67	5	1.2.77	
Pele	Pele	30	2	7.2.77	1 unmarried old woman. 1 married woman moved away - father uses her share.
Atu	Emau	90	3	22.3.77	1 young girl, share paid by her unmarried mother. 2 married women, members before marriage but retained membership as husbands from other islands.
Lakatoro	Malekula	205	1	22.4.77	Headmistress of local school.
Tautu	Malekula	67	1	22.4.77	Widow.
Sepeno	Malekula	41	1	22.4.77	Married woman. Husband also member but is away from home.
Litz Litz	Malekula	42	1	22.4.77	Widow.
Nitaut	Malekula	68	0	22.4.77	
Nei	Pentecost	557	1	April 1977	
Karihenkel	Pentecost	39	1	April 1977	
Tund	Pentecost	28	1	April 1977	
Ennar	Pentecost	61	1	April 1977	
Vavatav	Santo	33	2	6.4.77	Both widows.
Hog Harbour	Santo	73	1	7.4.77	Widow

Appendix 5

Extract from a letter of complaint to the Chief Cooperatives Officer from the chairman of Navuh Cooperative Society, North Malekula. June, 1976.

1. This secretary is a bad and hard man.
2. He is so selfish always thinking about his families.
3. He charge some different members sales to his families docket.
4. When he and his wife row then he brings it to cooperative then at this time he will close the door and wait until their row is finished.
5. If members did not do his outside work then he will shut the door, no shopping in that day, or if any member comes for shopping he will throw out his money he only gives shopping to those who do his work on that day.
6. Never he let any committees to make order and tell them what place he will buy store goods, he just make up his own thinking.
7. He make this bisnis like his own bisnis and when make give him an order for material, goods etc He didn't do it but when himself need something as an order he take it very quickly.
8. He don't want to buy member produce such as cocoa and copra then members sales their produce to EFNH.
9. On weighing copra he cut off any kilos not as proper kilo But didn't let or ask committee about.
10. Never he use his usual working time which the committees plan in their meeting but just make up his mind how he wants to open the store.
11. He went out in the Bush doing his work over time and come back at night for shopping and plenty peoples encluding non members came for shopping but wait and wait tired and go back home.
12. He usually open store at 6 O'clock and closed at  $\frac{1}{2}$  past 7 and went to Bush and stay their for evening when members want shopping at midday no secretary. He never work day in his work just do quick rough work and then go to Bush.
13. He force committees to make credit in the store.
14. He cheek members by ask them to own some money from them.
15. He spend coop money in different store which is not allowed by Chief Cooperatives Officer Walton.
16. He always throw out or brake what members said. He makes their words like nothings.
17. He is a bad man he always force members to work and to do hard work.
18. Before this private bisnis move onto cooperatives there is one oath that members plan it. Said that he will just look after this bisnis until it comes as really cooperative. So we will take him out and put real Secretary. We know that he is nomo as good secretary. He got bad name already which losing Pinalum Cooperatives Cash Box. So Chief Cooperatives Officer Mr Lank said and call him thief and said this man I will must not see his face inside any cooperative store again.
19. He never let committees check up cash and till and money which he take on copra when the arrival of the ship copra purchase.
20. He did not buy copra on the price which the Federation said. For example, if \$45 Federation Beach Price so he will buy on \$40. But not ask or tell committees about.
21. Members did not feel happy to hear the last report of stock which is very poor and bad. They said they don't know why this store lossing big stock and cash. They said that they were looking after this cooperative very well and they wonder why this happen and they said what will happen to him or what will we do with him? Is he going to have any punishment? If NO so why to that? Can you help us?

SANDY  
Chairman  
Penamor Village, Malekula

Appendix 6 Credit Outstanding at Some Cooperative Societies 1976/77

Cooperative and island	Date of visit or inspection report	Current Secretary's Place of Origin	Number of members	Credit outstanding \$	Number of members with debts	Number of non-members with debts	Credit outstanding for government workers \$	Credit outstanding for coop office holders \$
Ure, Tanna	17.11.77	Local	77	531	8	38	233	31
Lenakel, Tanna	1. 2.77	Aniwa	70	1372	9	13	666	579 (Chairman 260)
Kahut, Tanna	27. 1.77	Local	71	848	n/k	n/k	n/k	n/k
Pukamlalam, Tanna	18. 1.77	Local	25	273	21	NIL	NIL	213 (Ex-Secretary 194)
Keme, Tanna	20. 1.77	Local	28	270	11	3	144	15
Naram, Tanna	27. 1.77	Non-local Tannese	20	169	15	NIL	NIL	22
Ramasana, Tanna	17. 1.77	Local	39	173	9	NIL	22	87
Narvi, Tanna	22. 1.77	Non-local Tannese	27	243	15	7	63	27
Kasali, Tanna	21. 1.77	Local	61	586	n/k	NIL	n/k	n/k
Iakarapam, Tanna	17. 1.77	Local	52	362	3	NIL	145 (Teacher)	208 (Ex-Secretary)
Whitesands, Tanna	2.11.76	Emai	87	338	13	1	45	n/k
Noumis, Tanna	17. 1.77	Local	40	90	20	NIL	NIL	n/k
Tanben, Tanna	19. 1.77	Local	64	889	n/k	1	NIL	"About half"
Isangel, Tanna	28. 1.77	Aniwa	48	"About 1000"	"Nearly all"	6	"Most"	n/k
Ipip, Tanna	7. 4.76	Local	46	236	n/k	n/k	n/k	n/k
Sosary, Tanna	28. 3.77	Local	47	154	n/k	n/k	n/k	n/k
Dillons Bay, Erromango	July 1976	Non-local Erromangan	56	500	n/k	n/k	n/k	n/k
Tanep, Erromango	June 1976	"	26	92	n/k	n/k	n/k	n/k
Aniwa, Aniwa	28. 4.76	Futuna	29	700	n/k	n/k	60	103 (Ex-Secretary)
Mouga, Futuna	30. 4.76	Local	63	316	n/k	n/k	n/k	n/k
South East Aneityum, Aneityum	5. 1.77	Local	47	91	6	10	NIL	26

Nepek, Aneityum	26.12.76	Epi	50	469 (SDA Pastor 239)	6	9	128 (Fotunese teacher)	24
Faunangisu, Efate	15. 2.77	Ambrym	91	71	5	NIL	37	21
Wviltaken, Efate	7. 3.77	Local	53	360	9	3	128 (one teacher 103)	13
Pele, Pele	7. 2.77	Local	30	540 (+ stock short 2862)	9	21	198	72
Atu, Emau	22. 3.77	Local	90	250	9	4	155	33
Kokonak, Matasso	24. 2.77	Local	29	50	n/k	NIL	NIL	n/k
Momon, Makura	26. 2.77	Local	43	104	n/k	n/k	n/k	n/k
Namuruana, Tongoa	17. 9.76	Aoba (Ex-secretary Emai)	95	1211	n/k	n/k	n/k	704 (Ex-Secretary)
Lamenu, Lamenu	1. 3.76	Local	74	1481	n/k	n/k	n/k	n/k
Lakatau, Efate	21. 2.77	Local	60	NIL	NIL	NIL	NIL	NIL
Marotuaki, Efate	1. 2.77	Tanna	67	3031	54	NIL	NIL	n/k (Ex- Secretary 234. Coop Driver 476 wages advance)
Hurxaty, Efate	1. 2.77	Tanna	58	NIL	NIL	NIL	NIL	NIL
Pango Efate	10. 2.77	Local	58	4571 (630 owed by one man)	48	2	n/k	n/k (Chairman 113)
Vila Urban	31.12.76	-	1001	56039 (12155 owed by two men)	500+	n/k	n/k	3191
Tautu, Malekula	26. 9.76	Pentecost	68	1237 (200 Church)	24	NIL	692 (209 nurse)	140 (Ex-secretary)
Sepeno, Malekula	22. 4.77	Local	41	80	1	12	21	NIL
Litz Litz, Malekula	22. 4.77	Uripiv	42	200	n/k	NIL	n/k	n/k
Rano, Malekula	28. 8.76	Tanna (Ex-secretary local)	37	405	n/k	n/k	n/k	202 (Ex-Sec and Ex-Chairman)

Nitaut, Malekula	22. 4.77	Local	68	578	13	16	46	NIL
Ahamb, Malekula	10. 3.76	Local	91	1233	n/k	n/k	n/k	n/k
Atchin, Malekula	May 1976	Local	51	1860	n/k	n/k	n/k	n/k
Amar, Malekula	10. 5.76	Local	49	1695	24	15	286	175
Lakatoro, Malekula	22. 4.77	Non-Local Malekulan	205	423	5	NIL	335 (213 Carpenter)	NIL
Tahi, Paama	1. 5.76	Ambrym	88	1564	38	24	924 (751 Teacher)	n/k
Mansi, Pentecost	8.12.75	Non-local Pentecost	33	8000	n/k	n/k	n/k	"most" (Ex-Sec prosecuted for theft)
Vavatav, Santo	6.10.76	Local	33	NIL	NIL	NIL	NIL	NIL
Hog Harbour, Santo	7. 4.77	Local	73	"under 200"	n/k	n/k	n/k	n/k
Nawiambu, Malo	September 1976	Local	61	954	21	n/k	n/k	n/k (42 Chairman and secretary)
Layng Urban, Santo	31.12.76	-	274	13803	n/k	n/k	n/k	n/k

Notes: As store credit is contrary to the by-laws, information was not always easy to obtain and understatement cannot be ruled out.

Sources: Cooperative Society Secretaries and Cooperatives Department Inspection Reports.

Appendix 7      Stock purchases at Ure Cooperative Society, 1976.

Commodity	Quantity	% Mark-up	Total @ Selling Price \$	Percentage of Grand Total
Rice	3555 kg	14,16	1708	7.2
Sugar	530 kg	14,20,27	393	1.7
Salt	460 kg	14,20	177	0.7
Flour (for bread)	3200 kg	14,64	1607	6.8
Cabin Biscuits	1120 lb	At cost, 10,14,20	330	1.9
Sao Crackers	198 pkt	14	117	
Sweet biscuits	15 ctns	At cost, 10,20	274	1.2
Tinned Mackerel:				
15 oz tins	912	14	322	3.4
7 $\frac{1}{2}$ oz tins	960	14	210	
5 oz tins	500	14	68	
Tinned Sardines	600 tins	9,14	198	1.4
Tinned Beef	454 tins	14,20	324	
Tinned Pineapple	72 tins	20	43	0.2
Powdered Milk:				
Skimmed Milk	1 ctn	14	25	0.5
Infant Milk	1 ctn	14	36	
Condensed Milk	96 tins	6,14	54	
Butter	33 tins	20	19	0.1
Peanut Butter	24 jars	11	28	0.1
Salted Peanuts	60 tins	9,20	38	0.9
Cheese Savouries	672 pkts	20	131	
Potato Chips	1 ctn	5	38	
Sweets	13 tins & bags	20,35	101	1.3
Chewing Gum	7100 pkts	20,60	214	0.3
Curry Powder	60 bottles	11,20	37	
Maggi Sauce	40 bottles	20	26	
Cooking Oil	135 litres	14,20,24	187	0.8
Onions (fresh)	25 kg	20	12	0.05
Lemonade, Cola etc	2016 cans/ bottles	20	644	2.7
Instant Coffee	12 tins	3	7	0.2
Milo	2 ctns	20	36	
Beer (Flag Ale, Tocheys, Fosters)	9720 tins	16,20	4345	18.4
Red Wine (Spanish)	526 bottles	20,30	1473	6.2
Cigarettes (Marlboro, Rothmans, Bensons)	2150 pkts of 20	14,16,20	1255	5.3
Pipes	72	20,100	59	0.3
Lighter flints	36	100	11	0.05
Women's Clothing:				
Skirts	12	20	19	0.7
Slips	23	20	36	
Pants	81	20,45,100	72	
Bras	48	20	37	
Men's Clothing:				
Shirts	59	20,39	150	3.3
T-shirts	55	11,20,23	105	
Shorts	77	2,20,40,60	180	
Long Trousers	15	26	132	
Swimming Shorts	24	39	60	
Singlets	36	35	45	
Underpants	116	20,78	97	

## Children's Clothing:

Boy's Shirts	48	29,25	95	
Boy's Shorts	96	8,26	104	
Boy's Singlets	12	29	13	
Girls' Dresses	6	11	27	
Baby Shirts	24	10	13	1.3
Baby Vests	12	20	5	
Baby Pants	48	17,20	32	
Baby Napkins	18	9	9	
Safety Pins	36	20	7	
Belts	36	20,100	32	
Umbrellas	50	17,60	135	
Airline Bags	3	4	9	0.9
Hankerchiefs, Men's	84	20,33	17	
Hankerchiefs, "silk"	24	100	19	
Cotton thread	120 reels	20,33	48	
Elastic	36 yards	20	12	
Bias Binding	36	20	9	
Fasteners	60	100	19	
Nylon Ribbons	216 yards	29	43	0.8
Lead Dye	48 gm	20	22	
Sewing Needles	24 pkts	40	14	
Sewing Machine Oil	20 bottles	20	12	
Scissors	12	57	13	
Calico	1047 yds	15,20	897	3.8
Beach Sandals	96	20	98	0.4
Matches	53 gross	20,67	284	1.2
Household soap	438 bars	At cost, 14,60	280	
Washing Powder	176 pkts	14,18	129	1.7
Plastic Buckets	7	20	18	0.1
Mats	6	27	27	0.1
Padlocks 1" & 2"	18	70	16	0.05
Hurricane Lamps	28	12,20	78	
Wick	1 roll	20	3	0.4
Lantern Wire	1 roll	20	3	
Kerosene	10x44 gals 4x20 litres)	At cost, 10, 14, 26	407	1.7
Aluminium Pots	36	15,20	176	
Enamel Basins	4	25 cents each below cost	8	
Frying pans	8	20,28	23	
Soup Bowls	18	20,25	27	
Enamel Plates	90	20,33,50	50	1.9
Glass Plates	12	20	11	
Enamel cups	24	20	8	
Kitchen Knives 18 cm	48	20	144	
Spoons	24	33	10	
Torches 2 cell	12	25	18	
Torches 3 cell	36	20,35	71	0.4
Torch Bulbs	120	20,33	11	
Batteries various	67 ctns	20,25	500	2.1
Blankets	46	18,20,45	295	
Baby Blankets	36	20,26	88	1.6
Bed Sheets	23	20,32	84	
Pillow Cases	2	20	2	0.4
Towels	48	20,58	53	0.2
Benzene	1012 gals	10,11,13,23,25,30	1118	4.7
Brake Fluid	12 tins	20	17	0.1
Aspro - aspirin	78 pkts	5,20	44	
Bex - aspirin	36 pkts	20	13	
Band Aid Plasters	96 pkts	At cost, 20	21	0.4
Vapour Rub	12 bottles	20	5	
Ballpoint Pens	260	20,25	26	
School Exercise Books	89	20,43	24	0.3
Writing Pad	30	8,20	19	
Airmail Envelopes	1 box	20	6	

Talcum Powder	36 tins	25	14	
Eau de Cologne	36 bottles	4,70	27	
Baby Oil	24 bottles	20	17	
Pomade	84 tins	20,37	38	0.6
Hair Oil	24 bottles	120	26	
Hair Cream	24 jars	33	10	
Razor blades	420 pkts	5 14,20	116	
Razor sets	6	20	4	0.5
Tooth paste	24 tubes	33,100	6	
Tooth brushes	12	50	4	0.05
Toilet rolls	8 carts.	20	64	0.3
Combs	24	45	10	0.05
Mirrors	24	55	22	0.1
Saws 30"	8	20	35	
Saw Blades 30"	38	16,29	65	0.4
Roofing Iron 8'	8 sheets	20,24	50	
Nails 3" to 5"	200 kg	7,20	178	
Staples 1½"	25 kg	20	25	1.3
Timber	Unspecified	10	13	
Hinges 4" to 6"	36	65	34	
Rakes	4	20	25	
Axe Handles	22	20	34	
Yam spades	60	20	59	1.1
Bush knives 45cm	26	5,20	110	
Files 4", 6", 7"	36	20,33,50	32	
Bullock Chains	20	13,20	161	
Barbed Wire	1250 m	20	163	2.7
Copra Wire	84 m	20	320	
Seed Potatoes	640 kg	20	281	1.4
Assorted seeds	378 pkts	7,20	41	
Rat Traps	15	36	9	0.05
Cartridges 410,12 and 16 gauge	150	20	95	0.5
Bullets .22	100	20	13	
Fishing Line:				
20 lb	58 rolls	20	17	
30 lb	40 rolls	20	16	
32 lb	12 rolls	60	18	
40 lb	65 rolls	17,20,25	37	0.5
150 lb	10 rolls	33	16	
Fish Hooks various	19 boxes	20	23	
Spear Gun Wire	5	20	29	0.1
Inflatable Horse Toy	12	80	11	
Inflatable Chicken	12	71	12	
Marbles	500	167	10	0.2
Balloons	48	20	4	
Guitar Strings	1 set	50	2	
			<u>23,594</u>	<u>100.0</u>

Notes: Difference in addition due to rounding.

Source: Ure Cooperative Society Stock Book.

Appendix 8      Financial history of Ure Cooperative Society

Financial	10-8-66	18-8-67	15-8-68	9-8-69	5-10-70	5-11-71	21-11-72	11-12-73	18-3-75
Periods	to 17-8-67	to 14-8-68	to 8-8-69	to 4-10-70	to 4-11-71	to 20-11-72	to 10-12-73	to 17-3-75	to 12-3-76
WORKING CAPITAL *	5151	10511	7904	9688	9631	7751	9138	14799	14201
INVESTMENTS	nil	nil	696	954	1585	2206	2570	2420	2476
FIXED ASSETS:									
Buildings	279	239	404	355	304	429	352	258	181
Vehicles	nil	nil	nil	2490	2056	1542	1100	586	469
Equipment	46	53	301	341	335	353	277	257	237
STORE SALES	12223	18614	12756	25228	18281	22039	22544	32403	19645
GROSS STORE SURPLUS	3056	3566	5226	6815	5190	5736	3918	8019	3338
STORE EXPENSES:									
Insurance, Freight, Cartage	300	520	317	768	235	304	571	290	47
Store Wages	513	940	529	1076	857	968	997	1059	1123
Stationary	30	nil	11	38	75	19	172	31	50
Licences	23	nil	50	7	87	105	92	nil	nil
Breakages and Losses	51	17	28	42	300	286	297	nil	184
Cash & Stock surplus/short	nil	nil	1276	1180	955	2071	-864	nil	-156
Bakery expenses	nil	nil	143	839	668	785	585	1055	289
Depreciation	48	43	58	102	88	101	154	664	105
Other	4	25	145	186	221	427	148	182	218
NET STORE SURPLUS	2087	2021	2670	2576	1704	670	1766	4738	1477
COPRA SALES	8755	28159	5655	19457	5671	1129	3825	19324	12397
GROSS COPRA SURPLUS	1404	6328	1631	4959	1679	-44	615	1664	2828
COPRA EXPENSES:									
Freight and Cartage	139	370	179	79	133	44	14	323	56
Wages	173	302	80	227	69	32	41	122	81
Bags and Twine	463	620	275	876	282	112	282	342	302
Commission	nil	nil	nil	nil	nil	nil	nil	nil	1231
Depreciation	3	6	7	8	3	3	1	nil	nil
Licences	75	nil	75	38	nil	150	nil	nil	nil
Other	nil	29	1199	2	1	255	10	60	nil

NET COPRA SURPLUS	550	5001	-184	3729	1191	-640	267	817	1159
SANDALWOOD & VEG SALES	nil	nil	n/k	n/k	nil	n/k	378	1362	1521
NET SURPLUS	nil	-12	55	72	nil	10	68	10	459
TRACTOR GROSS RECEIPTS	nil	nil	nil	n/k	900	626	n/k	528	490
TRACTOR EXPENSES:									
Fuel and Oil				n/k	110	171	n/k	101	120
Wages				n/k	116	126	n/k	143	60
Repairs				n/k	nil	77	n/k	68	100
Insurance				n/k	250	nil	n/k	nil	nil
Depreciation				n/k	514	514	n/k	562	117
Other				n/k	6	nil	n/k	27	48
NET TRACTOR SURPLUS	nil	nil	nil	-120	-97	-262	-302	-373	44
INTEREST ON INVESTMENTS	nil	nil	nil	20	nil	84	214	nil	nil
DISTRIBUTION:									
Reserves, Special Projects and carried forward	932	2989	690	3412	1242	nil	79	2015	1616
Store Rebate	1016	960	1895	1191	964	nil	906	1453	1252
	(30%)	(10%)	(30%)	(10%)	(10%)		(9%)	(10%)	(10%)
Copra Bonus	520	3140	nil	1692	673	nil	317	1725	201
	(15%)	(20%)		(15%)	(20%)		(10%)	(15%)	(20%)
Other Produce Bonuses	nil	nil	nil	nil	nil	nil	nil	nil	78
Share Interest	169	nil	nil	nil	nil	nil	nil	nil	nil

Notes: \* Current Assets less Current Liabilities.

Amounts are in Australian Dollars. Some minor discrepancies due to rounding.

Sources: Co-operative Department Final Accounts.

Appendix 9 Ure Cooperative Society: copra output and income, 26-3-75 to 13-12-76. Consumer/Worker Ratios

Member Number	Output in kg.	Income \$	No. of C.U.'s	No. of Workers	C/W Ratio	Intensity: Output per worker Kg	Intensity: Income per worker \$
71	2314	139	5.2	3	1.73	771	46.3
40	1388	84	2.8	2	1.4	694	42
11	4085	249	3.5	2	1.75	2043	124.5
41	2400	154	4.4	2	2.2	1200	77
42	1141	78	5.0	3	1.67	380	26
44	5817	444	6.9	6	1.15	970	74
55	2526	170	5.7	4	1.43	632	42.5
33	1100	71	4.7	2	2.35	550	35.5
37	2552	185	3.0	2	1.5	1276	92.5
23	2305	141	2.5	2.5	1.0	922	56.4
16	5711	388	5.6	2	2.8	2856	194
25+ 54	3541	134+102=236	5.3	2	2.65	1771	118
36	1164	84	6.5	5	1.3	233	16.8
34	789	43	4.0	2	2.0	395	21.5
75+ 3	2560	59+130=189	5.5	4	1.38	640	47.3
45	3607	233	3.9	2	1.95	1804	116.5
2	2329	181	2.6	1	2.6	2329	181
67	7581	523	5.6	3	1.87	2527	174.3
22	2202	162	10.3	5	2.06	440	32.4
15	5249	396	4.4	5	0.88	1050	79.2
69	1843	129	4.9	2	2.45	922	64.5
20	3425	313	4.7	3.5	1.34	979	89.4
30	3460	295	7.2	3.5	2.06	989	84.3
58	2888	204	3.5(2.5)	3.0(2.0)	1.2	1093	39.2
9	2281	177	4.4	2.0	2.2	1141	88.5
70	456	46	2.3	2	1.15	228	23
73+ 4	5299	121+341=462	4.7	3	1.57	1766	154
13	3822	282	3.2	2.5	1.28	1529	112.8
62	2310	192	3.0	2	1.5	1155	96
26	1740	148	3.7	2.5	1.48	696	59.2
68	1826	115	2.3	2.0	1.15	913	57.5
47	1468	59	4.4	2.5	1.76	587	23.6
56	817	58	3.5	2.0	1.75	409	29

27	1417	73	7.7	3.0	2.57	472	24.3	
8	1245	100	1.8	2.0	0.9	623	50	
38	3748	278	4.6	4.0	1.15	937	69.5	
5	1876	128	1	1.0	1.0	1876	128	
46	245	10	1.8	2.0	0.9	123	5	
21	2868	279	4.2	2.0	2.1	1434	139.5	
50	787	49	4.6	3.0	1.53	262	16.3	
17	3826	222	7.1	4.0	1.78	957	55.5	
60	3053	267	3.7	2.0	1.85	1527	133.5	
1	2833	170	4.2	2.0	2.1	1417	85	
66	2190	163	4.2	2.5	1.68	876	65.2	
48	392	20	8.5	4.0	2.13	98	5	
64	1590	126	2.3	2.0	1.15	795	63	
35	369	25	5.2	3.5	1.49	105	7.1	
28	902	69	1.8	1.0	1.8	902	69	
12	377	34	3.7	2.0	1.85	189	17	
7	823	68	5.3	3.0	1.77	274	22.7	
6+	39	2232	67+121=188	6.4	5.0	1.28	446	37.6
61	1098	103	4.0	2.0	2.0	549	51.5	
72	nil	0	3.2	1.5	2.13	nil	nil	
24	2143	172	3.7	2.0	1.85	1072	86	

Notes:

- (i) Assuming that differences in the labour input per unit of output are minimal.
- (ii) Consumption unit coefficients: Males of working age 1.0; adult women and elderly males 0.8; children of school age (5 to 15) 0.7; children under school age 0.5; infants under one year NIL.
- Production unit coefficients: 1.0 for each able-bodied adult (male and female); 0.5 for children aged 10-15 at school locally; the rest NIL.
- (iii) The holders of the larger plantations occasionally hire others to work their land.
- (iv) Member No. 58's son left the household in August, 1976. 783 kg of output and \$63 of income therefore do not relate to him. The intensities for the two periods are summed.
- (v) During the period selected, household and cooperative membership has been more or less stable. The Cooperative Society had 72 members in March 1975, 73 by July 1975, 74 by March 1976, 75 by April 1976 and 76 and 77 by October 1976. No. 75's output has been amalgamated with his father's No. 3 as he previously sold through his membership. No. 73 is amalgamated with No. 4, his mother's father, for the same reason. No. 74 is a completely new member - not having sold as a non-member or through affines or kin. He is the only one of

his "line" in the Cooperative and is therefore omitted. The only household changes apart from that at (iv) above concern the movements of children to and from school on other islands. Those children who are away at school (3 in November 1976) are included as still in the household as their parents must continue to contribute to their upkeep.

(vi) No. 6 and No. 39 are amalgamated as they are in the same household. No. 25 is amalgamated with No. 54, his son, as No. 54 cuts copra for him.

(vii) Other omissions: Nos 29 and 63 - heads of households away (migrant wage workers), no copra sold in their absence. No. 51 sells copra through Pukamlalam Cooperative. Nos 19, 53 and 59 and 77 - none of whom live locally. No. 76 Nikbis company - not a household and does not sell copra. No. 43 sells through Nauten Cooperative as does No. 32's father who is head of the household; Nos 10, 18, 32, 49, 65, 14, 31, 52 and 57 all of whom have sold through private traders during the period. In all, 18 member households are omitted (representing 91 persons), leaving 75% of membership or 78% of persons to be considered.

The consumption/output details for the 18 omitted are as follows:

Member No.	Producers	Consumers	C/W	Output	Output/worker	Member No.	Producers	Consumers	C/W	Output	Output/worker
29	2	2.5	1.25	nil	nil	43	3.5	3.9	1.11	nil	nil
53	1	1.0	1.0	1469	1469	10	5	7.4	1.48	16122	3224
59	2	3.5	1.75	nil	nil	18	2	4.9	2.45	5324	2662
57	5	6.3	1.26	757	151	32	2.5	3.9	1.56	501	200
14	1.0	1.0	1.0	1444	1444	49	5	5.4	1.08	788	158
63	1.5	1.5	1.0	nil	nil	65	2	4.5	2.25	1329	665
51	2	3.2	1.6	nil	nil	31	2.5	6.9	2.76	2195	878
19	3	5.3	1.77	851	284	52	2	1.8	0.9	400	200
77	2	2.3	1.15	nil	nil	74	2	4	2.0	680	340

Appendix 10 Credit sales at Ure Cooperative Society(a) Summary of credit sales from 3-11-76 to 31-12-76.

No. of members in Cooperative:	77
Total turnover	£7647.05
Total credit	£498.05
Personal credit i.e. excluding Lenakel Hospital	£411.65
Total repayments	£198.12

(b) Breakdown of Debtors.

<u>Debtors</u>	<u>Amount of Credit</u>	<u>% age of total personal credit</u>
Schoolteachers	£119.30	29.0
Other government employees	£54.05	13.1
Committee members and secretary members	£68.94	16.7
related non-members	£124.34	30.2
unrelated non-members	£176.46	42.9
(i) including Lenakel Hospital	£197.25	
(ii) Excluding Lenakel Hospital	£110.85	26.9

(c) Repayments.

	<u>Amount of repayment</u> £	<u>% age of total repayments.</u>
members	48.59	24.5
related non-members	113.33	57.2
unrelated non-members	36.20	18.3

(d) Total number of persons receiving credit: 51

Members: 15; related non-members: 22; unrelated non-members: 14.  
(Schoolteachers: 4; other government employees: 4; Cooperative office  
holders: 6).

(e) Total number of persons repaying credit: 24

Members: 7; related non-members: 12; unrelated non-members: 5.

(f) Beer and wine credit sales.

<u>Debtors</u>	<u>Amount of credit</u> £	<u>% age of total personal credit</u>
members	31.90	25.7
related non-members	111.45	63.2
unrelated non-members	98.40	88.8
school teachers	93.50	78.4
other government employees	45.70	84.6

(g) Women receiving credit: one only (secretary's mother's sister)

Amount £1.90. Repaid in full seven days later.

(h) Commodities sold on credit\*

	<u>Amount of credit</u> ₱	<u>% age of total</u> <u>personal credit</u>
Beer and wine	241.75	58.7
All foodstuffs	36.74	8.9
(rice	19.80)	
(tinned meat	9.25)	
Roofing iron	28.00	6.8
Cigarettes	25.35	6.2
Bedding	12.00	2.9
Clothing materials	5.50	1.3
Other	18.76	4.6
Unspecified	28.55	6.9
Cash advances	15.00	3.7
	<hr/> 411.65 <hr/>	<hr/> 100.0 <hr/>

\* excluding ₱86.40 soap to Lenakel Hospital.

Appendix 11 Credit sales at South East Aneityum Cooperative Society(a) Summary of credit sales from 25-6-76 to 31-8-76

No. of members in cooperative:	45
Total turnover	\$1849.13.
Total credit	\$260.99
Total repayments	\$147.19

(b) Breakdown of Debtors

<u>Debtors</u>	<u>Number</u>	<u>Amounts</u> \$
members	17	158.07
related non-members	11	70.49
unrelated non-members	6	32.43
	<u>34</u>	<u>260.99</u>

(c) Breakdown of credit to office-holders and their families

committee members (4)	\$41.50
son of committee member	\$20.63
chairman	\$24.65
chairman's wife	\$ 4.00
chairman's brother	\$ 3.40
secretary	\$ 5.10
secretary's brother	\$ 1.88
	<u>\$101.16</u>

(d) Women receiving credit: two women received \$4.50 credit.(e) Number of people taking various commodities.

Clothing	9
Copra wire	2
Cigarettes	14
Stick Tobacco	17
Garden tools	7
Tinned meat	6
Fresh fish	9
Other foods	10
Powered/Condensed milk	2
Stationery	6
Household and cooking equipment	3
Household soap	6
Fishing line/hook	1
Other	11
Unspecified	2
Cash advances	4
Copra overpayment	1

(f) Commodities taken on credit:

	₹
Clothing (ready made)	34.05
Fishing line/hook	2.20
Copra wire	25.40
Cigarettes	25.00
Stick Tobacco	20.70
Bush knives	14.34
Tinned Meat	7.54
Axe handles	4.00
Crowbars	8.00
Spade	5.00
Bucket	3.00
Teapot	1.50
Frying pan	3.00
File	1.20
Fresh fish	10.40
Condensed and powdered milk	4.60
Rice	2.50
School exercise books	5.25
Pens	1.40
Envelopes	0.10
Soap	3.45
Sugar	2.94
Aspirin	1.40
Chewing gum	0.10
Razor blades	1.20
Matches	1.50
Biscuits	1.15
Mirror	0.60
Needles	0.35
Batteries	1.15
Lamp matel	0.35
Bread	3.00
Maggi sauce	0.72
Unspecified	2.50
Cash advance	53.00
Overpayment on copra	7.20

Appendix 12      New Hebrides Cooperative Federation Ltd. Accounts 1.7.75 to  
30.6.76

<u>BALANCE SHEET</u>	<u>as at 30.6.76</u>		<u>as at 30.6.75</u>	
	£	£	£	£
Shares		19200		18500
<b>Loans:</b>				
Secured Barclays	50000		50000	
Unsecured Cooperative				
Investment fund	47153		42592	
Barclays	21500		-	
UK Government	398523	517176	-	92592
		<u>536376</u>		<u>111092</u>
Represented by:				
<u>Fixed Assets</u>				
Land and Buildings	6726		4287	
Buildings on leasehold	166219		156734	
Plant and machinery	21846		22018	
Furniture and Fittings	9422		9406	
Office Machines	9391		11031	
Motor Vehicles	24037	237641	11583	225059
		<u>237641</u>		<u>225059</u>
<u>Investments</u>				
Shares N.H. Abattoirs		43600		42000
Deposits Fixed term		-		2000
<u>Current Assets</u>				
Trade Stocks	350589		392043	
Cooperative Debtors	467302		575513	
Trade Debtors	97124		27397	
Sundry Debtors	30628		10213	
Savings Bank	3828		19543	
Prepayments	3359		5100	
Cash at Bank	6946		250	
		<u>959776</u>		<u>1030059</u>
<u>Less Current Liabilities</u>				
Cooperative Creditors	453073		430607	
Trade creditors	272284		283498	
Sundry Creditors	71785		42477	
Accruals	9913		-	
Bank Overdraft	736156		927756	
		<u>1543211</u>		<u>1684338</u>
Working Capital Deficiency		-583435		-654279
Accumulated Losses		838570		496312
		<u>536376</u>		<u>111092</u>

MERCHANDISE TRADING ACCOUNT Year ending 30.6.76

Sales		1787978
Less cost of goods sold:		
Stock at 1.7.75	367944	
Add Purchases	1606472	
	<u>1974416</u>	
Less stock 30.6.76	335595	1638821

GROSS PROFITS TO PROFITS AND LOSS ACCOUNT 149157

SHELL TRADING ACCOUNT

	\$	\$	
Sales			88418
Less cost of shell sold:			
Stock at 1.7.75	24098		
Add Purchases	37438		
		61536	
Less stock at 30.6.76	14994		46542

GROSS PROFIT TO PROFIT AND LOSS ACCOUNT 27345

WAREHOUSES AND SHIPPING OPERATIONS ACCOUNT

Warehouse Expenses:

Freight outwards		21229	
Insurances:			
Imports	8680		
Cargo out	8559		
Warehouses	7744	24983	
Rent		13839	
Wages		92561	152612

Shipping Costs:

Charter Fees		84967	
Providoring		12633	
Running costs		8480	
Wages		33247	139327
			291939

Less earnings:

Shipping Freight		105279	
Trade Commissions:			
Copra ex societies	8667		
Copra ex agents	10745		
Merchandise	3097	22509	127788

NET OPERATING COSTS TO PROFIT AND LOSS A/C 164151

GENERAL EXPENSES ACCOUNT Year ending 30.6.76

Audit and Accounting fees	8198		c/f 261075
Advertising	153	Licensing fees	45
Bad Debts	1765	Legal	90
A.G.M. expenses	15627	Light and Power	2966
Bank Charges	1278	Motor Vehicles	12317
Committee meetings	4590	Postage, telephone & cables	5353
Cleaning	580	Printing and Stationery	4817
Depreciation	35089	Rent	5314
Donations	180	Repairs and Maintenance	9453
Doubtful Debts	64102	Salaries and Wages	68570
Sundry	1752	Security Service	1760
Insurance	7504	Staff Amenities	287
Bank Overdraft Interest	120257	Staff Training	346
		Travelling	4913
	b/f 261075		377306

Total General Expenses: 377306

Less Income:

Interest	789		
Rents	6150		6939

NET GENERAL EXPENSES TO PROFIT AND LOSS A/C 370367

PROFIT AND LOSS ACCOUNT for year ending 30.6.76

	£	£
Gross Profits from Trading Accounts:		
Merchandise	149157	
Shell	<u>27345</u>	176502
Less Net Operating Costs from Warehouses and Shipping Operations Account		<u>164151</u>
Operating Profit		12351
Less Net General Expenses from General Expenses Account		<u>370367</u>
Net Trading Loss		358016
Add Abnormal Items:		
Gift from New Zealand Government	10953	
Profits relating to prior periods	<u>4805</u>	<u>15758</u>
Net Loss to 30.6.76		342258
Add Accumulated Loss Brought forward:		
Profit 31.12.73	-2683	
Loss 31.12.74	175727	
Loss 30.6.75 (includes losses attributed to 1974)	<u>323268</u>	<u>469312</u>
ACCUMULATED LOSSES TO 30.6.76		<u>838570</u>

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