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CONFIDENTIEL

REPORT ON THE DEVELOPMENT OF COOPERATIVE SOCIETIES IN THE NEW HEBRIDES
(plus annexes)

par

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N° 1528



I.F.O.
29 décembre 1953

Confidential.

Report on the Development of Co-operative Societies
in the New Hebrides.

In September, 1952, a request was received from the British and French Resident Commissioners in the New Hebrides by the signatories to this report, M. J. Guiart, Ethnologist to the Institut Français d'Océanie, and Mr. H.E. Maude, Executive Officer for Social Development, South Pacific Commission, for "advice and assistance on the subject of the formation of Native Co-operative Societies".

2. The invitation pointed out that, while past attempts by natives in the Condominium to form co-operative organizations had not proved successful, there was a considerable and growing local interest in the possibilities of co-operative trading and the Government was anxious that such ventures should be commenced on sound foundations and conducted in the best manner possible. Particular reference was made to the recently enacted New Hebrides Native Co-operative Societies or Companies Regulation (joint Regulation No 9 of 1951) which, it had been suggested, might not be sufficiently comprehensive to ensure its objectives.

3. As a result of discussion by correspondence, it was felt that an inspection of the local situation in relation to native economic enterprises and the examination on the spot of as many so-called co-operative groups or native companies as possible was essential if any practical advice and assistance was to be given by us. The Resident Commissioners readily agreed with this view and the Condominium vessel "Don Quixote" was placed at our disposal for a comprehensive tour of inspection.

Itinerary of Tour.

4. Arriving at Vila on the 27th and 28th January respectively we were able to have useful preliminary discussions with His Honour the Resident Commissioner for the French Republic, M.P. Anthonioz; H.B.M.'s acting Resident Commissioner, Mr. B.F. Blackwell; and their headquarters staffs. The main islands where some form of co-operative organization was believed to be operating were thereupon visited on the following itinerary:-

Tour of the New-Hebrides.

Vila	- Jan. 28 - 29
Santo: Luganville	- " 30
Tangoa	- " 31
Vao	- Fev. 1

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Atchin	-	Feb. 1
Wala	-	" "
Malekula: Aulus	-	" 2
" : Tisman Bay	-	" "
Ambrym : Olal	-	" "
Fentecost : Melsisi	-	" 3
" : Bulhak	-	" "
Aoba : Lolowai	-	" "
" : Longana	-	" 4
Santo : Hog Harbour	-	" "
" : Luganville	-	" 5
Malekula : Matanvat	-	" 6
Aoba : Nduindui	-	" 7
Malekula: South-west Bay	-	" 8
Ahamb	-	" 9
Nguna	-	" "
Vila	-	" 10 and 11

Native Societies examined.

5. During the course of our visit we investigated, either by personal inspection or examination of information on file at Vila, no less than 19 native trading organizations, as shown below:-

Native Trading Companies in the New Hebrides.

- (i) Santo: Hog Harbour Native Company.
- (ii) Tongoa: Chruch Co-operative Store.
- (iii) Aoba: Aoba Church Company, Nduindui.
- (iv) " : Lomataiwai Harbour Company, Longana,
- (v)
- (vi) Vao : Vao Trading Store[†].
- (vii) Wala : Wala Trading Store[†].
- (viii) " : Wala Native Company.
- (ix) Malekula: Tontar Trading Store, Natanwat.[†]
- (x) " : Pinalum Company (name not ascertained).
- (xi) Malekula: Lawa Trading Store, South-west Bay[†].
- (xii) Toman: Toman Native Company.
- (xiii) Ahamb : Ahamb Native Company.
- (xiv) Ambrym: Olal Trading Store, Olal.[†]
- (xv) Tongoa: Native Company (name not ascertained).

- (xvi) Emae: Native Company (name not ascertained)
- (xvii) Nguna: Nguna Native Company.
- (xviii) Fila: Fila Island Native Company.
- (xiv) Tanna: Tanna Native Co-operative Society, Lenakel.

The Companies marked *are branches of the Malekula Native Company or Malnatco (see Appendix B), the remainder being linked with church organizations or independent. It should be stressed that not all the above companies were functioning at the time of our visit while on the other hand, it was obvious that a number of others were in existence in localities off our route or had been in existence in the past. A map showing the distribution of the companies is attached (Annex A.).

Extent and Character of the Co-operative Movement.

6. It will be seen from the above that the extent of native economic enterprise of a Co-operative, or pseudo co-operative, character in the Condominium is quite considerable; and indeed our conversations with individual natives and village gatherings left us in no doubt that interest in this subject was widespread in all island of the group. News of the co-operative developments in other parts of the South Pacific, though in a garbled and inaccurate form, is more commonly possessed than one would expect; while the repeated efforts made to form societies, with or without the encouragement of individual missionaries, Government officers or European residents, keep the topic ever fresh.

7. Most of the societies, or companies, inspected by us were found to be multi-purpose in character: in other words they attempted to combine the functions of marketing the members' produce, for the most part copra, and retailing consumer goods. Among the remainder, however, we found single-purpose marketing or consumer societies, an agricultural producers society and the simplest form of buying club, where a number of villagers join together to purchase a supply of goods at wholesale (or better than retail) rates and disband again after distribution.

Lack of success.

8. Defining co-operation as " a form of organization wherein persons voluntarily associate together as human beings on a basis of equality for the promotion of the economic interests of themselves" the societies seen may be termed co-operatives. Unfortunately, there is little doubt that in every case they are, under present conditions, doomed to inevitable failure, with the loss of the members' funds and the disappointment of their hopes;

and this not through fault of the management or membership but but solely through ignorance of the practical rules which must govern the work of all co-operative organizations.

9. It is true that some of these rules are being commonly observed, e.g. the entrance fee or subscription of share capital, and the purchase of goods at wholesale rates and re-sale at local traders retail prices; but there is no real perception of the meaning of co-operation, of the objectives of the society or the business principles on which it must essentially be operated. As a result the societies were in almost every case moribund, their capital dissipated and their stores bare of produce or goods.

10. In our opinion three main factors may be singled out as responsible for the almost total failure to date of the native co-operative movement in the New Hebrides:-

- (i) the absence of suitable bye-laws to govern the working of each society;
- (ii) lack of knowledge of how to keep the society's books; and
- (iii) the giving of credit.

Many other contributory circumstances could be mentioned but these appear to us to be of relatively minor importance: if the societies are to be placed on a sound footing the attack must be made on the main weaknesses mentioned above, while at the same time the members must be made to realize that societies have got to be run on business lines and that this requires self-discipline and working together to achieve their common objectives.

Dangers in the present situation.

11. We consider that the present situation in the Condominium is potentially a dangerous one. Organizations of a co-operative character are being formed throughout the territory to further the economic interest of the islanders, and there is every reason to predict that this tendency will increase. But the administering authority has done nothing officially to guide or assist these efforts, other than to enact a Joint Regulation of a predominately restrictive character, and the only help the native has so far received has thus been from a few District Agents or missionaries, who lack the necessary technical knowledge, or from European traders, whose motives have not always been above suspicion.

12. We would reiterate that the result of this policy can only be the ultimate failure of every attempt made by the native to

better himself economically through self-help. The frustrations which such repeated disappointments must engender have led elsewhere to feelings of resentment and bitterness against Europeans in general and the Government in particular; to the growth of cargo cults; and ultimately, when an opportunity occurs, to the spread of subversive movements. There is still time to arrest this sequence of events in the Condominium; but not unlimited time.

Rec.I : Positive steps necessary to assist the societies.

Accords with British and French policies.

13. Our first recommendation, therefore, is that the Government of the New-Hebrides should take immediate positive steps to guide, control and assist the existing co-operative societies in the Condominium, and those which may be established in future. We would point out here that the encouragement of the local co-operative movement in their dependent territories is the declared official policy of both the French and British metropolitan Governments. In Non-Metropolitan France, as in the British Colonial Empire, there are to be found every form of co-operative organization, including credit, production, processing, marketing or consumer societies, and these enjoy the active encouragement of Government and the advice and assistance of its technical officers. In the case of the Condominium, however, there is, as we have seen, the added consideration that the native population have forced the hand of the administration by forming their own organizations which, unless guided and assisted, will prove an increasing source of embarrassment and trouble.

Growth of co-operation in the South Pacific.

14. There is no need to go further than the South Pacific to appreciate the rapid growth of co-operation during recent years. Though the first society in the area was only established in 1926, on Nauru, and the second in 1929, in the Ellice Islands, there are by now many hundred active producer, marketing, consumer or multi-purpose societies, with specially prepared guiding legislation enacted by eight territories and at least twenty-five European officers engaged in full-time co-operative development work. According to the latest figures available the number of native societies in the islands is now 230, with a total membership of 55,000 and an annual turnover of £A685,000.

Prohibition v. Assistance.

15. It may be as well to deal here with the argument sometimes encountered that, as the co-operative movement in Europe was essentially a spontaneous growth and derived its strength largely from

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this fact, the island Government in the Pacific should confine their functions to the registration, audit and winding up of societies. However specious, this reasoning is none the less false the islander, unlike even the Rochdale Pioneers, knows little or nothing of western money economy, commercial organization, commodity markets or price fixing and so in the early stages he must perforce rely on the Government for guidance and assistance. There are in reality only two alternative courses open to the administration: total prohibition of native co-operative organizations, which is contrary to international agreements to which both the administering powers are signatories and is in any case unenforceable, or a policy of laissez-faire, which as we have shown will have the gravest economic and political consequences. From every point of view, legal, moral, political, social and economic the Government, in our opinion, has no option but to take speedy and effective steps to rehabilitate the co-operative movement in the Condominium.

Capacity of local population.

16. A further argument advanced both by Government officers and European residents was to the effect that at the present stage of their development the natives of the New Hebrides are incapable of organizing and running successful co-operatives. We found no evidence whatsoever to support this view. In natural ability and industry they appear superior to races among whom the co-operative movement has been flourishing for years, and though their general level of education is low it is no lower than, for example, in Papua and New Guinea where successfully run village societies are commonplace.

17. While total illiteracy is not necessarily a bar to the operation of a village co-operative, for areas exist where transactions are memorized for later record by itinerant literate secretaries, this condition happily does not obtain in the Condominium, where there are few villages without at least one inhabitant able to read and write in pidgin or a vernacular. In examining the books of existing societies we were struck by the neat and punctilious manner in which most of them were being kept and, though unfortunately the absence of any training in simple book-keeping made them largely unintelligible both to the writers and ourselves, this could be corrected by a minimum of rule-or-thumb instruction.

Rec.II : Appointment of a Registrar.

District Agents no substitute.

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18. On the assumption, therefore, that our first recommendation is acceptable it remains to consider the necessary means by which this guidance, control and assistance can be provided. Of these we place first the appointment of a full time permanent officer, with the requisite technical qualifications and experience, as Registrar of Co-operative Societies. Under Joint Regulation No 9 of 1951 the control of societies is placed in the hands of the District Agents, who are enjoined to report annually on "the situation, moral and financial" of each society in their District. Experience in other countries has shown, however, that this procedure is unsound and foredoomed to failure. However interested one or two individual District Agents may be in the organization and guidance of native co-operative efforts, few if any are trained co-operators; they have many other duties of greater priority and so can work only intermittently and in their spare time. Above all they are subject to frequent transfer, with no guarantee that successors will share interests, while the "Mana" which surrounds them is a handicap to the development of democratic native control of the societies. And finally there is always the danger that societies organized by the District Agents will be regarded as Government institutions; while recent events on Tanna demonstrate how easy it is for a District Agent's well-meant attempts at assisting co-operatives to lead to strained relations with the local commercial community.

Functions of Registrar.

19. It must be emphasized that the Registrar of Co-operative Societies in a territory such as the New Hebrides has functions very different from, and more extensive than, a Registrar in France or the United Kingdom. In Colonial Territories he must essentially be the guide, counsellor and friend to the societies in their early stages, training the membership in business principles and leading them to the stage when his assistance is no longer required. Among other duties, the Registrar should be prepared to:-

- (i) assist newly-formed societies with his advice as to suitable rules and teach their officers the conduct of co-operative business, book-keeping, preparing balance sheets, profit and loss accounts, etc.;
- (ii) register them under the local legislation when he is satisfied that they are being run on sound, business-like lines; and

Recommendation II: appointment of Registrar.

- (iii) advise them, audit their books and generally watch over their interests once they have become registered societies.

If desired, it could be laid down that the Registrar is not engage^{to} in the actual creation of local societies but only to assist those which may be formed by the natives themselves.

A Condominium Head of Department.

20. We consider that the Registrar of Co-operative Societies should be a Condominium officer and in charge of a separate Department of co-operation. While attempts have been made in various territories to place co-operative officers in other Departments, notably the Agricultural Department or the Central Secretariat, these have not as a rule proved a success and there seems everything to be gained and nothing to lose by treating the Registrar as a separate Departmental Head with power to deal direct with the Resident Commissioners. This is strongly urged by co-operative experts with experience in Africa, Asia and America; Irrespective of his rank and title, however, he should essentially be regarded as a technical officer, like his colleagues in the Medical or Agricultural Departments, and as such he would be guided on policy matters by his administrative superiors. When travelling on duty he would have to consult, and work in close co-operation with, the local District Agents.

Selection of officer.

21. With the rapid development of co-operation in other areas, the selection of a really good officer may not prove an easy task, but it is understood that the South Pacific Commission has already had some success in locating suitable specialist personnel for other territories and would be willing to assist on request. Two main possibilities exist:-

- (i) the transfer or secondment of an officer from the co-operative Department of some other tropical territory where conditions are not too dissimilar; or
- (ii) the appointment of a trained officer from one of the metropolitan countries, which may be considered the better alternative.

In the latter case, however, it would, we submit, be essential that he should undergo a period of say six months' training attached to the Co-operative Department of one of the other South Pacific Depen

dencies. The financial implications of our recommendation are attached, in the form of draft departmental estimates, as annex C?

Recc III : Enactment of adequate legislation.

Further legislation a necessity.

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22. Next in importance to the appointment of a Registrar we would place the enactment of suitable legislation, without which the Government can have little control over the functioning and running of the societies while the societies themselves are denied the assistance of guiding rules based on generations of co-operative experience.

Defects of present enactment.

23. We have examined the New Hebrides Native Co-operative Societies or Companies Regulation (Joint Regulation No 9 of 1951), a copy of which is annexed for ease of reference (annex D), but do not regard it as adequate for its purpose. A general criticism is that it provides only for control and not for guidance and assistance and must therefore have the effect, if enforced, of stifling, rather than developing the co-operative movement. Its enforcement, furthermore, is left to the District Agents, a procedure which, as we have pointed out above, has had to be abandoned as impracticable in other areas. Other points which we would mention are:-

- (i) Section.1. While we cordially agree that the expert advice and assistance of the Co-operative Department should not be confined to co-operative societies but available to all forms of native economic enterprise it would seem important that companies, whether of limited or unlimited liability, should be governed by separate legislation.
- (ii) Section 2. This is not sufficient. Those matters which are considered essential for the operation of all societies should be specified in rules made by the Resident Commissioners under the Joint Regulation And published for general information as an annex to the main enactment. Those points relating to objects, qualifications for membership, nature of liability, manner of raising funds, and the like, which differ with each society should be incorporated in bye-laws to be approved by the Registrar as a pre-requisite for registration: but even here it will be found necessary for the societies to be provided with model bye-laws by the Registrar, adapted to suit their particular requirements.

- (iii) Section 4. The necessity for training natives in co-operative book-keeping is dealt with below. Under existing conditions the provision is quite unenforceable.
- (iv) Section 12. Even with the appointment of a Registrar it will take years rather than months before even the existing societies can be provided with suitable rules or bye-laws and generally put on a working footing.

Advantages of "Model Ordinance".

24. Assuming that it is agreed that the present legislation should be superseded by one more calculated to assist, as well as control, the efforts being made by the natives to better themselves, we would urge the desirability of drafting a special enactment to suit the peculiar needs of the New Hebrides. Most co-operative legislation, including all ordinances designed for metropolitan countries, is quite unsuited for use at the primitive stage of native development reached in the Condominium; and we know of none which would not require substantial modification before it could be applied locally. We should be glad to submit a draft Joint Regulation if desired, based on our observations of territorial requirements, or alternatively we suggest that it might be prepared by the newly appointed Co-operatives Officer on the staff of the South Pacific Commission.

Rules and Bye-laws to await consideration by Registrar.

25. We consider that the Rules made under the Joint Regulation (which, from the point of view of the societies, are the main operating part of the legislation), like the bye-laws of the societies themselves, will need the most careful drafting to suit local political and administrative peculiarities, the simple economic pattern and the low standard of native education. After careful consideration of the pros and cons we are of the opinion that this can best be done by the Registrar himself, after he has had an opportunity of inspecting the existing societies; the delay may not be of major consequence, since it will in any case take him several months before he can bring the first society to a standard enabling registration and it may obviate the necessity of further amending legislation at a later date.

Rec. IV : Co-operative Training Courses.

Purpose and scope of the Courses.

26. As the fourth and final corner-stone of a successful co-ope-

Recommendation IV:
Co-operative Training Courses.

relative structure in the Condominium we would urge the need for holding co-operative Training Courses, as one of the regular duties of the Registrar, in order to impart the essential rudiments of co-operative principles and procedures, arithmetic and book-keeping to the officials of the local societies and, if desired, prospective societies. Nothing elaborate is required at this stage; merely sufficient instruction to ensure that one or more officers in each society will have enough technical knowledge to ensure its successful operation with periodical help from the Registrar himself. A three months course should suffice initially, but after a few years there will be a need for refresher courses and more advanced instruction.

27. It should be possible for the Registrar to conduct at least one such elementary course each year, lasting for about three months, even though most of his time would be occupied in field inspections of the societies. Such a procedure would have the advantage that the course would be based on local legislation, including the actual rules and bye-laws governing the particular societies' operations, and on local social and economic conditions. In addition, the Registrar's teaching notes could be utilized in the preparation of a handbook for the officers and committee members of local societies.

Miscellaneous observations.

Danger of sponsored societies.

28. An Annex B we include a series of notes on some co-operative trends in the New Hebrides at the time of our visit. It seems to us that the position depicted, unless it has altered in the interim, at least suggests the expediency of considering whether or not a judicial enquiry should be held into the activities of the Malnat-co organization. Any enquiry should, of course, be conducted in such a way that the natives do not obtain an impression that it is directed against their co-operative efforts. Furthermore, the appointment of the Registrar would seem a necessary pre-requisite, since he can best arrange for the obtaining of technical evidence and look after native interests. Apart from any enquiry, however, we consider that no countenance should be given by the administration to the efforts being made by private commercial interests to establish societies or companies tied to a particular firm. Healthy co-operatives cannot be forced; they must essentially develop from a felt want, have a definite objective and be under the democratic control of the membership. In any future legislation care should be taken to prevent the misuse of the word "co-operative".

Single v. Multi purpose societies.

29. To deal in greater detail with a few of the other matters which, based on observations during our tour, we feel to be of importance we would stress the desirability of encouraging natives to commence their co-operative ventures with single purpose Marketing Societies or, on the consumer side, with simple terminable Buying Clubs. As in the rest of the Pacific area the almost universal desire is to form a multi-purpose society combining the sale of trade goods with the purchase of local produce (principally copra), but this type is the hardest to operate successfully since it demands a higher degree of skill, particularly in book-keeping, than any other.

30. Not content with essaying the difficult feat of combining buying and selling operations in one organization we found a tendency for societies to launch out simultaneously into other ventures, in particular the management of launch and truck hire services. These were being purchased from the societies' funds (and often on credit) and employed partly in the societies' work and partly on hire to members and others, maintenance and running costs being entered in the one cash book with sales of goods, purchases of produce, hire of labour and other items. Needless to say no one had any idea whether the ventures were being run at a profit or loss, but it was obvious to us that heavy losses were in fact being incurred but disguised in the intricate and often meaningless book keeping systems.

31. It would be more satisfactory, in our view, if in the early stages of co-operative education in the Condominium separate societies were formed for each of these separate functions: We see no reason why a single village should not possess a produce marketing society, a consumers store and a transport society, with membership almost identical. Where it is considered essential that a society should subserve more than one function separate books should be kept covering each; this is the only way by which uneconomic ventures can be readily detected and wound up.

Small societies preferable.

32. In any case the societies should not be encouraged for the time being to get too large, either in membership or in the scope or scale of their operations, and no society should be founded unless it clearly has some economic function. The all essential spirit of loyalty and sense of common purpose can easily be lost in a large organization. While it will be some time before the natives acquire sufficient technical knowledge and experience to run other

than small societies with limited objectives.

Raising of capital.

33. We noticed that the raising of share capital did not appear to offer any difficulty and judge that this advantageous situation will continue as long as the price of island produce remains at present levels. It is suggested that, as in the case of Australian Papua and New Guinea, no interest need be paid on this capital until a demand arises. It is desirable, however, that for obvious reasons the units of share capital, say from £1 to £5, should be equal.

Observance of co-operative principles.

34. The importance of all trading by societies being on a strictly cash basis has already been stressed. With the present unhoalthy development of credit transactions throughout the Condominium this rule will be, we recognize, hard to observe; but it is nonetheless essential to the successful operation of every society, without exception. To relax this rule is to ensure ultimate failure. Other normal principles governing co-operative organizations which will have to be observed are the annual patronage dividend (which can, of course, be devoted to some communal purpose if desired by members) and the accumulation of adequate reserves. There appeared to be little appreciation at present of the meaning of these; still less of how they could be carried into effect.

No necessity for a wholesale organization.

35. It appeared to be sometimes assumed by Europeans that no co-operative development could take place in the New Hebrides unless some sort of importing and exporting wholesale society was established, presumably by the administration, to handle the societies' business. We could see no necessity for any such action for many years to come and then only as a spontaneous development of the local village organizations. Under existing conditions of free competition between wholesale importing and exporting firms the societies appeared, with one or two exceptions, to be experiencing no difficulty in obtaining favourable wholesale rates; indeed we found the European companies on the whole well disposed towards the co-operatives, a position which we consider unlikely to change provided the societies themselves refrain from limiting their commercial transactions to one company only. Even if the

main firms were to combine in discriminating action against the societies any united front would be most unlikely to last: either one of them would break away to secure the extra profits or an agency in Sydney or Noumea would be found willing to enter the field. The native societies themselves must learn to walk before running and build themselves up on a solid foundation of small and easily managed village groups.

Summary.

36. To summarize the main burden of this report, we found throughout the New Hebrides a marked reaction on the part of the indigenous population to the hitherto accepted territorial economy, based on European owned plantations and European or Asian retail trading, in which their only function was to provide unskilled or semi-skilled labour. It is fortunate that much of the energy released by this awakening of native interest has been absorbed in building up a number of village co-operative organizations, for the most part engaged in marketing the produce of native small-holdings and selling trade goods. This rapidly growing co-operative movement could be a force of great benefit to the Condominium by increasing production, raising native living standards and providing them with an unrivalled training in the democratic management of their own affairs: by teaching people to do things for themselves rather than to wait for the Government to do it for them co-operation is in the truest sense a form of community development.

37. Unfortunately, however, in every case examined we found that the native societies had failed, or were clearly about to fail, owing to the lack of technical guidance on co-operative management, and in particular book-keeping methods. In our opinion this position is a most serious one; the native has already lost large sums of money, in some cases under circumstances which suggest deliberate fraud, and will undoubtedly lose more. This, however, is of secondary importance to the bitter feeling of resentment and frustration which is the inevitable sequel to each failure. If the native is not to be given the minimum technical knowledge to enable him to better his economic position, can it be wondered if he turns to cargo cults?

38. Quite apart from any question of the relative merits of co-operation as against private enterprise or any other economic system we consider that in the New Hebrides the Government is compelled to take immediate steps either to prohibit the native co-

operative movement by force (which we regard as out of the question) or to provide the minimum guidance and control to the societies necessary to enable their survival. In this they will be following the lead given by other island territories, in some of which co-operation has been developing for more than a quarter of a century.

39. Our specific recommendations are few and easily met:-

- (i) the immediate appointment of a Registrar of Co-operative Societies as Head of a separate Condominium Department;
- (ii) the enactment of more detailed co-operative legislation; and
- (iii) the institution of co-operative training courses as part of the duties of the registrar.

The most urgent and important step is the first mentioned and in this connexion we have suggested that the services of the South Pacific Commission might be enlisted towards obtaining a suitable officer.

J. GUIART

H.E. MAUDE.

Noumea, New-Caledonia.

29th December, 1953.

The Co-operative Movement in the New Hebrides.

The following report is intended to give a brief conspectus of the co-operative movement in the New Hebrides as it appeared to us at the time of our visit. In the nature of a local supplement to the general survey and recommendations contained in the main report, it includes information obtained:-

- (i) during the course of our tour;
- (ii) during M. Guiart's stay of 5½ months on Tanna; and
- (iii) as a result of M. Guiart's personal knowledge of the "Malnatco" and its leaders over a period of nearly three years.

The "Malekula Native Company".

In the absence of the British Delegate on Santo, who was on leave, we contacted M. Tailleur, Administrator-Delegate for the districts of the Northern and Central Islands (District No.2). He is of the opinion that the "Malnatco"+ has now changed and is no longer dangerous from a political viewpoint. His view is that D. Gubbay is gradually withdrawing from the business, and in particular from the commercial aspect of it. Although still recruiting labour for unloading ships, his activities are on a reduced scale.

In the course of an interview, D. Gubbay confirmed his relative lack of interest in the business now. He complained (without giving details) of false accusations about the "Malnatco" and quoted favourably the more understanding attitude of M. Tailleur. He stated that the boats are incontestably the property of the natives, although they have not been completely paid for; it is felt that in all probability the position would be the same for the "Manahine", which is still operating for him and is also used by his assistant George Wing.

+ Guiart, J. "En marge du "Cargo Cult" aux Nouvelles Hébrides, le mouvement coopératif dit "Malekula Native Company", Journal de la Société des Océanistes, vol.VII, No.7, pp.242-247, Paris 1951; or the same author's "The co-operative called 'the Malekula Native Company'. A border line type of Cargo Cult", South Pacific, vol.6, N°6, pp.429-432, Sydney, Septembre 1952.

George Wing, seen a few days later, insinuated that D. Gubbay, by his rashness, had placed him in a very difficult situation. He personally would continue to deal with the commercial side, partly to serve the natives, partly to recover a proportion, at least, of his own initial outlay (personal). He complained of the shortage of coprah after the cyclone in December, 1952, which he said meant that the customers of the "Malnatco" were nearly all insolvent.

At the request of Mr. Freegard, British Delegate at Santo, D. Gubbay had, at least in theory, decentralised his organization into three different groups: Malnatco (Malekula), Ambnatko (Ambrym), Pennatco (Pentecôte). However, from the invoices examined it would appear that each local group was considered to be an independent unit, composed of a store and a Company, which necessitates a double series of invoices made out in the name of each of these. The relationship between the local groups and with the headquarters in Santo seemed theoretically the responsibility of two Societies; "Traders Union" for the commercial side, and "Transpordon" which deals with the transport of goods and copra. These two names presumably cover the D. Gubbay-G. Wing association. In actual fact, however, we found the name "Transpordon" only occasionally, "Traders Union" (or Traders Limited) apparently dealing with everything, including repairs to the motorboat "Venudel", the hull of which was bought from Mr. Klein several years ago. As an example of this accountancy system we would cite Vao, where sales of copra to "Traders Union" are credited both to the store and the Company. The fact that the balance is always a debit one is explained by the cost of repairs to the "Venudel" and the natives' present shortage of money. The "Venudel", again under repair*, worked in 1952 for the people of Vao; it is now going to be taken over again by their colleagues of Matanvat, who reproached them with working at a loss for the whole of the past year. The "Maharine" is still sailing for G. Wing and D. Gubbay. The small motorboat "Lano" is used for collecting copra from the neighbourhood of Matanvat and for short trips between Tontar (Matanvat) and the Second Canal.

Vao.

As far as we could ascertain, the store, almost empty, which is situated in a well-equipped Nissen hut, is not seriously indebted to "Traders Limited" (£A162.17. 4d), but the local "Company" appears to owe £A478.16.11d. for repairs to the "Venudel", after taking into account two deliveries of copra and one payment in cash. Two further payments in cash and one delivery of copra are understood to be credited to the store and added to the pro-

*for painting and replacement of some sections of the wood.

ceeds of commercial sales, i.e. the money in hand, which is collected by g. Wing. The situation of the Vao-Co-operative at the end of 1952 is believed to have been as follows:-

<u>Debit</u>		<u>Credit</u>	
Debit Balance 1951	£A330.0.5	Proceed of Sales	£A184.17.10
Repairs to the "Venudel"	461.2.3	Copra Delivery	82.18.9
Purchase of spare part supply of good.	245.7.9	Payment in cash	124.13.0
Total debit	1.036.10.7	Total credit	£A392.9.7
Debit balance	<u>£A644.1.0</u>		

Were this scheme to continue without hindrance, it would seem probable that the local co-operative would remain indefinitely in the debt of "Traders Limited" through debits for repairs to boats and the gradual taking over of its available cash.

Wala.

According to the big boss of the Malnatco, Ati of Wala, the workers recruited by D. Gubbay are paid £A7.10. 0d, almost a normal figure at the time. Copra is bought from them at the prevailing rate and with the cash from the store, unless they are in debt to "Traders Union"; this was the case at the time, as they still owed £A800. 0. 0d. for the supply of goods at Christmas, 1952. The shop was very well patronised, whereas the one at Vao was empty. It is situated in a native hut, but was to be moved to a Nissen hut which is being built next door and is almost finished.

Matanvat.

At the beginning of 1953 this store, situated at Tontar, was but little patronised; it had a debit balance of £A723. 2.7 with the "Traders Union", whereas the Matanvat Company had a credit balance of £A101. 8. Ad. The motorboat "Lano" was grounded, as an economy, as there was no copra to load from the small anchorages on the coast. The accounts showed no trace of members' debts to the store. Kaku and Joe (the storekeeper) seemed to run the business in their own way, without informing their fellows. South of Matanvat, at Ténmian and Espiegle Bay, the influence of the Company seems to have been almost eliminated.

South West Bay.

Here there is a Nissen hut set up as a store and a motorboat, at the moment out of order, at Lawa. We were unable to land because of bad weather. While we could obtain little accurate information,

the local community appeared to be determined to remain within Malnatco, in spite of the efforts of Mr. Whyte, the newly-arrived Presbyterian missionary, who would like to organize a local movement over which he would have some control. At the moment, however, nothing had been done in this respect.

Olal.

Here there is a store (a Nissen hut), but it was not visited.

Bulhak.

According to G. Wing, the Pentecôte people have stopped working with him. Indeed, he collected the money from the store for the last time in October, 1952, and paid the wages of the storekeeper (£2. 0. Od. per month). The store seems a viable affair; in January, 1951, a dozen singlets which were invoiced by G. Wing at £A3.10 Od. were sold at £A5. 2. Od. similarly the cost of a mat rose from 13/- to 15/ -. Of the goods delivered in the middle of 1952 - in exchange for eight tons of copra - they took £A150. 0. Od. in cash, plus a balance of £A80. 0. Od. for articles not yet paid for by the purchasers. They received, in October, 1951, for a consignment of two tons of copra, a total of £A41.13. 4 d. which would appear to have been at least 100% less than the then current price.

The idea of building a main road to serve the whole island of Pentecôte, the beginning of which had prompted the intervention of M. Guesdes in 1947, has been abandoned. A less ambitious plan for a carriage road connecting the villages of Bulhak and Leratowo is to be completed, but there is no money to bring the car which they had been promised. In August, 1951, they contributed 180 sacks of copra (about eight tons) to provide a motorboat, but it had not yet materialized. The cautious attitude shown by the local leaders, Daniel (Leratowo) and Siméon (Bulhak, both Catholics, towards the Reverend Fathers of the Melsisi Mission, is noteworthy.

Longana.

This point of Aoba is the fief of Paul Tamlumum, one of the founders of the Malnatco at Matanvat, and is his father's home

country⁺. He returned to settle here after his recent spell in prison. He began to work with G. Wing but, since the month of June, 1952, had changed over to Roy Gubbay; his Company, the "Lomaitai Harbour Company", delivers to the latter the copra⁺⁺, which is sold to Burn Philip. In theory, the receipts from the transactions are paid into a special account with this trading firm. The idea is to leave there 40% of the sums received and to receive the rest of the money, to be distributed among the members of the Company, except for 20% which is to be paid into the store's operating cash fund. The blocked money in the account is eventually to pay for a motorboat and a jeep which they have received, but the price of which they did not yet know. The store, carefully constructed of native materials, was well patronised at Christmas; it still had a stock of children's sandals and small size black patent shoes. We found no record of any accounts.

The timetable drawn up by P. Tamulum for the working week of his co-operative members was as follows: Monday, personal work; Tuesday, copra; Wednesday, work in the houses; Thursday, copra; Friday, work on the roads; Saturday, meeting or co-operative members.

According to Paul Tamulum's statements (which confirmed the information provided by Oscar Newman), Roy Gubbay intended to help a native friend of the family and at the same time, probably make a little profit. He had offered to sell his boat, the "Bate-man's Bay", to the natives, in return for 200 labourers whom he would place with employers⁺⁺⁺. Their wages from January to November would pay for the boat, over which he would still have control for a time while training the natives to use it. The "Bate-man's Bay" would thus be sold to a group of native purchasers dispersed over the archipelago, as he made this proposal to natives

⁺ P. Tamulum is opposed to the local chief, who is also a trader, and to the European trader, Mr. Bosh (ex-missionary of the Church of Christ). I have seen a letter from Nduindui asking Paul to abandon his activities at Longana and return to Nduindui, his mother's and therefore his, home (Aoba has a matrilinear tradition). It would seem probable that this letter was more or less inspired by Ruben of Nduindui, the manager of the "Chruch Company", who aims at extending his own activities to the whole of Aoba and, in Paul, sees a rival.

⁺⁺ There is a record of a consignment of 178 sacks (11 T 602) for which £A412.10.6d. was paid at the end of 1952.

⁺⁺⁺ We were informed that he had offered some to the planter Jean Rataré, at a wage of £A10. 0. 0d. per month for men and £A6. 0. 0d. for women.

in Aoba, Pentecôte and even South West Bay. Paul Taulumlum was to set off on a recruiting tour for this scheme, and use his personal influence in the various Malnatco centres to put it into effect.

Independent Co-operative Groups.

These have much more varied aspects. One might include under this heading the Longana group, which we dealt with under "Malnatco" in view of Paul Taulumlum's personal links with this organization in 1950.

Wala.

This is the site of an independent Company, the establishment of which had been assisted at the time by M. Chadeau, Administrator-Delegate for the district. It was still in existence, after nearly three years; its copra being taken to Wala by boats of the firm of Ballande (C.F.N.H.), that is without middlemen. Their goods were bought in fairly large quantities (orders of 20,800 to 30,000 Frs.) from this same firm. They now owed nothing to the C.F.N.H. Their liabilities consisted of a debt of £A281. 0. Od. to John Smith, a European trader on the neighbouring isle of Atchin; and their assets of a motorboat, bought for £A400 from Father Shier of Pentecôte, and the store, built of native material. They still owed an unknown sum to the trader Lo-Po of Santo, whose invoices are made out in Chinese characters. The Company's stagnation seemed due as much to the store's wide internal fan of credit as to the scarcity of copra. It should be noted that Chief Tobi seems to have been expelled from the group and has taken over the management of a European shop purchased by M. Leroux from the Hebrida firm.

Hog Harbour.

A co-operative was being formed among the natives of the Presbyterian Mission of Hog Harbour. The main difficulties holding it up seemed to be a lack of clarity in the Condominium legislation and the fact that the bye-laws submitted by the Rev. Mr. Prenter had not yet been approved by the Government. Mr. Prenter was anxious to incorporate in any such bye-laws some provision by which he would be responsible for the financial guidance of the society. In anticipation of its establishment, the local Presbyterian community had obtained a motorboat and a new Bedford truck.

Nduindui.

The European store in this place was run by the old trader Purdy, a former Church of Christ missionary, who had just retired. The Church of Christ missionary Mr. Finger, planned to channel the enthusiasm for co-operation among his adherents and to form with them a large consumers' co-operative to buy Mr. Purdy's business (for £A22,000) and, with this as a basis, to organize a network of branches in the various villages on the island. The Missionary Society was prepared to support the movement by giving a certain financial guarantee to cover its activities, which were to be under the control of Mr. Finger. The natives seem to have refused outright to accept this organization; our informants explained this by saying that they did not want to see missionaries leave the work of god to become tradesmen. A co-operative was, nevertheless, organized by members of the "Church of Christ" Christian group, but without the permission of the missionary and, to a certain extent, in opposition to him. The leader, Ruben Mara[†], has for the time being, organized the society as a producers' co-operative only. The Company (Church Company) buys the copra at the local, or slightly lower, rate, and tries to sell it at the Santo rate. Any profit goes into Church funds or is used for any other purpose considered valid by the Company's Council (which seemed to be composed of Church Elders). The working capital was formed in the beginning by each of the participants contributing £A20.0.0d. The society's operations may ultimately be extended to running a retail store.

We were informed by Ruben Mara and others that the Church Company had tried to deal with the planter Graziani of Santo, but that the business resulted in a loss for them of £A500; they had paid £A50. 0. 0d. a ton for the copra which Graziani bought from them at £A40. 0. 0d., promising them the "consignment" ^{††} profit, which had never arrived. Since then Ruben and his people had decided to work with the planter Naturel (and, after his death, with his son), who paid the Santo rate and loaded onto his own boat: he recently chartered the "Phoque", at a cost to the Company of 600 SFP Frs. per ton of freight, for a load of 42 tons. He also promised them the "consignment" profit, but this promise had not yet materialized. If he keeps it, it is difficult to see what gain could result for Naturel, unless he managed to make a profit on the dessiccation, which he alone can control. In any

[†] As far as that goes, Ruben is also in opposition to the teachers of his own Church, because of their claim to settle civil matters without consulting him.

^{††} Difference between the price paid at Port-Vila or Santo and the price where the copra is treated on the Marseilles market, minus charges and dessiccation cost.

case, this arrangement has lasted for over a year and the Chruch Company has already loaded five consignments for Naturel†

Tomman.

As A result of an agreement between the people of the island of Tomman and those in the village of Nilip on the mainland opposite, a Company was formed three years ago to buy a boat belonging to Dr. Brossier, of Epi. The boat was to be paid for with copra and the production of a certain tonnage on Dr. Brossier plantation, the labourers receiving their food only. The disappearance of the boat during a cyclone effectively prevented the execution of the contract when the boat was almost paid for. The matter is still under dispute and was to be taken to Court.

Akamb.

A small Company was formed in 1950 on this island, embracing the whole population (at that time 175 people), but activity was reduced to nil after the cyclone of December, 1951. The store's supplies could not be renewed because they had been sold on credit and there was no money left to buy more. The people contemplate starting work again to purchase a motor-boat for community use.

Tongos, Enae.

Here there are two co-operatives, the first under the direct control of the mission, the second independent; but as we did not visit them, we were not able to get any information.

Nguna.

A co-operative group did exist there a few months ago; but the excessive granting of credit and quarrels arising from this practice reduced it to a state of suspended animation. Supported by the Presbyterian missionary, Mr. Group, who had had an engine for their boat sent from New Zealand and himself installed it, they were trading directly with Fort Vila, delivering their copra and buying goods, and the affair was being run on a

* A small Company, which was not visited, has been organized near Nduindui by the Apostolic Church people, whose missionary, Mr. Grant, also complains that the people do not desire his advise.

very healthy basis. By abolishing credit to members, this co-operative could probably put into operation again immediately and run with very little supervision.

Tanna.

On Tanna, as in the rest of the Group, co-operation is quite an old idea. Before the war the people of White Sands had a fairly big sailing ship with which they graded directly with Port Vila. Since 1945 there have been several attempts at creating a large movement which would permit the short circuiting of the European traders settled on the island. An attempt was made on a large scale in 1947 by means of an agreement between the assessors Nagat, Joe Nalpin, James Yehnayeu, and M. Pouillet of Vila, who had just settled at Tanna, and undertook to act as co-operative agent. This agreement, made at the time under the aegis of the two Condominium Delegates, Mr. Colley and M. Jocteur, aroused violent reactions on the part of the traders who were already installed. Finally, M. Pouillet set up in business for himself and was successful, the difference between the average copra rates in the archipelago and the normal rates paid on Tanna easily enabling him to offer a better price than his rivals.

When the great idea of a co-operative was dropped, the main protagonists went their different ways. Today, Nagat is in prison for having failed, as assessor, to prevent or denounce the recent variant of the "John Frum" movement. James Yehnayeu set up as a trader and is apparently doing very well. Joe Nalpin is feeling his way on the fringe of the Company which some men in his district organized in December, 1950, as the Native Co-operative Society (N.C.S.). Its founders were Johnson Lahwa and Charley Nakohma of Yakuteles, and Frank Nemwanyan and Tom Walake of Sydney (Lenakel); another founder, who has since left, was a man from Aoba called Selwyn Garae. The initial capital consisted of £150 contributed by the founders. Recruitment has continued since, new members paying an entrance fee of £10 to £20, credited in each case to the current account of the N.C.S. with Burns Philp in Vila. Today the N.C.S. has members around Lenakel, in Lopéhna, Laruaay and even as far as Lenomowet. The N.C.S. aims to be a consumers' and producers' co-operative. It buys copra and runs a well patronized shop, which is also a bakery; but the results obtained do not quite meet expectations. It operates without assistance, as far as internal affairs are concerned. At the beginning of 1952 the Presbyterian Missionary, Dr. Armstrong, explained to Johnson Lahwa the method of calculating his prices, but he takes great care not to interfere; similarly, the British Delegate is informed of what is going on, so that he may know of any disagreements which might require the intervention of the authorities, but he goes no further than this. This absence of assistance gives the members of the group the impression that it is their own business. But, although their account with

Burns Philp is scrupulously paid up to date to avoid running into debt, there are no reserve funds. According to Johnson Lahwa, who gave M. Guiart this information at his request, after difficult calculations, the financial year 1951 had yielded no profit but in 1952, the profit was £A141 at the store and about £A100 on copra sales for November and December alone. It was impossible to find out the turnover from the somewhat primitive accounts kept by Johnson Lahwa. As available cash is used for purchasing supplies for the shop, the N.C.S. in practice has not the funds necessary for the copra purchases which it makes. The money is advanced by Bob Paul, a local trader, who works in liaison with Burns Philp. Bob Paul also transports the copra, against payment, to the N.C.S. dock, and finally, on the day the boat comes, he buys this copra and loads it on his own account. As the land opposite the anchorage belongs to the Presbyterian Mission and Dr. Armstrong refuses to let any of it to Bob Paul for setting up a dock, the agreement with the N.C.S. enables the latter to get around the difficulty to a certain extent. It would seem that, as long as the co-operative does not have a working capital which is adequate for the payment of its copra purchases, its leaders will be obliged to put up with this triangular system of N.C.S., Bob Paul, and Burns Philp. The complete stoppage of the internal credit system, which is already practised to a lesser degree than elsewhere, and strict accountancy, would certainly enable it to find sufficient resources to deal directly with a Port Vila firm.

At the beginning of 1952, the assessor Nagat and his people tried, with the assistance of the British Delegate, Mr. Bristow, to set up a co-operative on a larger scale. A sum of £A1,000 was collected and deposited at the British Delegation; while Nagat, Joe Nalpin and James Yehnayeff accompanied Mr. Bristow to Port Vila to organize the business. The apparent indifference of the Condominium administration to this bold initiative, the political troubles which occurred at the same time in the same area, and the administrative measures which resulted, caused the venture to be terminated, and the £A1,000 has since been returned to those which had originally contributed it.

Nouméa, New Caledonia,

27th March, 1953.

Appendix C

Draft Estimates.

Co-operative Societies Department.

<u>A. Personal Emoluments</u>	<u>Estimate - full year¹</u>
1. Registrar of Co-operative Societies (£1,350 x £50 - £1,450)	£1,350
2. Native Clerk (£170 x £5 - £220 x £10 - £270)	170
3. Lodging Allowances ²	?
4. Child Allowances ²	?
<u>B. Other Charges.</u>	
5. Purchase of technical books	150
6. Stationery and office requisites	100
7. Travelling on inspection	350
8. Co-operative Training Courses ³	1,300
Total

Notes

1. In £ sterling.
2. Rates not known
3. Includes maintenance allowances to students.

The above estimates do not include initial capital expenditure;
e.g.: -

- (i) Accomodation for Registrar and Clerk.
- (ii) Accommodation and class room for students.
- (iii) Typewriter for Registrar.
- (iv) Travelling expenses of Registrar on first appointment.

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New Hebrides Condominium.

A Joint Regulation No. 9 of 1951.

To provide for the Control of Native Co-operative Societies and Companies.

Made by the Resident Commissioners under the provisions of paragraph 3 of Article 8 of the Anglo-French Protocol of 6th August, 1914.

Resident Commissioners to approve formation.

1. Every Co-operative Society or Company formed by New Hebrides natives for land development or trade in local produce and imported goods shall, before its constitution, submit its Rules for the approval of the Resident Commissioners.

Rules.

2. The Rules shall indicate:

- (i) The exact objects of the Co-operative Society or Company;
- (ii) its head office;
- (iii) its organization, particularly as regards its principal officers and its governing body; and
- (iv) the nature, origin and employment of its capital.

3. Any amendment of the Rules shall be submitted for the prior approval of the Resident Commissioners.

Accounting.

4. The accounts of a Native Co-operative Society or Company shall be kept as far as possible in accordance with commercial practice.

Control by district Agents.

5. The British and French District Agents shall jointly be responsible for the annual examination of the accounts of Native co-operative Societies or Companies in their District. For this purpose, in each year, before a date to be specified by the District Agents, the Secretary of each Co-operative Society shall send to them an annual report and abstract of accounts.

6. In every year the District Agents shall carry out a tour with the object of inspecting the premises and operations of each Native Co-operative Society or Company in the District.

They may at the same time demand that books registers reports and accounting documents of all kinds be produced for examination.

7. In January of each year the District Agents shall send to the Resident Commissioners a report showing the situation, moral and financial, of the said Co-operative Societies or Companies.

Dissolution.

8. The dissolution of any native Co-operative Society or Company shall be declared by the Resident Commissioners at a request by the majority of its members, or if the Rules of the said Co-operative Society or Company have not been submitted to the Resident Commissioners or if its activities become of a nature prejudicial to the public peace.

Liquidation.

9. Liquidation shall be carried out under the supervision of the District Agents concerned, who shall submit a detailed report to the Resident Commissioners.

Litigation.

10. The Courts shall hear such disputes as may arise within the limits of their jurisdiction as defined by the Protocol of 6th August, 1914.

11. After meeting liabilities contracted by the Co-operative Society or Company, any remaining assets shall be employed to repay to members the amount of their respective contributions if these have been made or to compensate them for services.

Existing Co-operative Societies or Companies.

12. This regulation shall apply to Native Co-operative Societies or Companies already in existence which shall have a delay of two months from the date of publication of this regulation to forward their Rules for the approval of the Resident Commissioners.

Short Title and date of coming into force.

13. This regulation may be cited for all purposes as the New Hebrides Native Co-operative Societies or Companies Regulation

No.9 of 1951, and shall come into force on the day of the date hereof.

Dated at Vila
this twentyseventh day of August, 1951.

P. ANTHONIOZ
The Resident Commissioner
for the French Republic

H.J.M. FLAXMAN
His Britannic Majesty's
Resident Commissioner.

Taken from New Hebrides Condominium Gazette, No. 176; August 1951.
February 1952.