

Lowy Institute Paper 09

# **re-imagining PNG**

CULTURE, DEMOCRACY AND  
AUSTRALIA'S ROLE

**Ben Scott**

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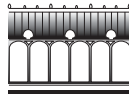
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**LOWY INSTITUTE**  
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## Executive summary

**Ben Scott** is an officer with the Department of Foreign Affairs and Trade. He wrote this paper while on secondment to the Lowy Institute in 2005 and the views expressed here are his own. Since joining DFAT in 1997 Ben has worked primarily on the Middle East and South Pacific. He served as part of the Truce and Peace Monitoring Groups in Bougainville in 1998 and was posted to Tel Aviv from 1999 to 2003. He is currently studying Arabic in preparation for taking up a position as head of the Australian Representative Office in Ramallah in late 2006. Ben has a Bachelor of Arts (Honours) and Bachelor of Laws (Honours) degree from the University of Melbourne.

Thirty years after independence, Papua New Guinea is looking increasingly fragile. After a good start, the state's authority and capacity has gone into decline. Average health and education levels are improving only incrementally, if at all. HIV has begun to spread at an exponential rate — with disastrous economic and human implications. The natural resources upon which the economy depends appear to be running out. Increasingly avaricious politics, violent elections, corruption, and the ascendancy of organised crime are all causes and symptoms of the problem. The news is not all bad: Papua New Guinea has undertaken important economic and constitutional reforms, and the Bougainville conflict has been resolved. But these positive developments are insufficient, on their own, to counter Papua New Guinea's negative trajectory. Unless this is reversed, Papua New Guinea's democracy will become less liberal, criminal influence will grow, public order will deteriorate, more local groups will go their own way, and Papua New Guineans will become poorer, hungrier, and sicker. There is, however, little likelihood of large-scale violence, overt secessionism, a coup, or an outpouring of refugees.

The hope that Papua New Guinea could leapfrog from a multitude of micro-societies to a unitary liberal democracy now looks over-ambitious. The top-down approach Papua New Guinea's governments copied from their colonial predecessor has not worked. The state never quite established itself. Few Papua New Guineans see it as the

embodiment of their collective will and many still view it as an alien presence to be either resisted or looted. Papua New Guinea's numerous 'traditional groups' — far exceeding its 800-plus languages — command greater loyalty. These groups are fluid and overlapping but nonetheless powerful. As the state has weakened, people have come to depend ever more on traditional links for welfare and social regulation. While traditional groups may possess some internal cohesion, relationships between them are often suspicious, competitive and hostile.

Taking better account of the reality of traditional groups is the central challenge of building, from the ground up, the state and nation of Papua New Guinea. Social engineering aimed at moulding a new national identity is unrealistic and making the state 'more traditional' misses the point. The goal should be to build on the positive dimensions of traditional groups (such as internal cohesion and pluralism), deal more directly with the negatives (nepotism and fragmentation) and channel traditional loyalties and rivalries in the most productive way. Official acknowledgment of the reality of ethnic identity is a step back from the ideals of liberal democracy, but it may be necessary to keep moving forwards.

The first step is to re-imagine Papua New Guinea. This process should start with a new round of national consultations. These would encourage greater reflection on the fundamental inter-dependence of Papua New Guinea's numerous groups, their collective interest in a functioning state and the appropriate role for 'outsiders'. Through these consultations Papua New Guineans could return, with the benefit of hindsight, to the fundamental questions considered in the lead-up to independence: how to develop a democracy which is stable and accountable, and how to balance these two objectives. Recent reforms, including the legislative manufacture of political parties (less promising) and the introduction of limited preferential voting (more promising), provide some guide. But more fundamental reform, including separating the executive and legislature, and the use of electoral colleges should also be considered. Decentralisation is unavoidable in such an ethnically and geographically fragmented country. The de facto decentralisation which has accompanied the

state's weakening provides some basis for re-thinking the current system. A better-designed system could make government more flexible, efficient and accountable.

Australia has a strong interest in Papua New Guinea's well-being and must, at the very least, spend resources now to avoid spending more later. Australia should support democratic reform, including by leveraging the aid program. Australian support could make the all-important difference between a well-designed decentralisation and a poorly-designed one. But the 'hard power' of conditional aid should be complemented by more 'soft power' including stepped-up public diplomacy. Public opinion matters in Papua New Guinea. Increased public diplomacy would capitalise on Papua New Guinea's democracy and the positive feelings many Papua New Guineans hold towards Australia. Because of Papua New Guinea's fragility Australia must, in any event, work outside the centre. The challenge is to engage the periphery in a way that facilitates national integration rather than fragmentation. A de-centred Australian strategy would have three spokes:

- Public diplomacy: The key message would be Papua New Guinean self-determination. Self-determination offers a mobilising ideology which is more practical than nationalism. It counters both Papua New Guinean dependency and accusations of Australian neo-colonialism. Australia could better inform Papua New Guinea's voters by publicising information about Australia's aid program and Papua New Guinea's budget.
- Community envoys: Australia should put more of its representatives into the field where they can engage directly with ordinary Papua New Guineans, monitor service-delivery and, in some cases, mediate between rival groups. The 5000-plus Australians who served as Bougainville peace monitors provide a model.
- Decentralisation: Financial support for decentralisation through (a) linking Australian aid to the mechanism for intergovernmental

transfers and mediating intergovernmental disputes where possible and (b) direct funding to sub-national bodies in return for greater transparency — and with incentives for scaling-up.

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## List of acronyms

ABARE	Australian Bureau of Agricultural and Resource Economics
BRA	Bougainville Revolutionary Army
CDS	Community Development Scheme
CIMC	Consultative Implementation and Monitoring Committee
CPC	Constitutional Planning Committee
ECP	Enhanced Cooperation Program
GDP	Gross Domestic Product
GNI	Gross National Income
KDP	Kecamatan Development Project (Indonesia)
LICUS	Low Income Countries Under Stress (World Bank listing)
MOMASE	Morobe, Madang, Sandanun, and East Sepik Provinces
MTDS	Medium Term Development Strategy
NASFUND	National Superannuation Fund
NEFC	National Economic and Fiscal Commission
NGOs	Non-Government Organisations
OPM	Opponents of Indonesian rule in Papua
PJV	Porgera Joint Venture
PMG	Peace Monitoring Group
PNGDF	Papua New Guinea Defence Force
RAMSI	Regional Assistance Mission to the Solomon Islands
TMG	Truce Monitoring Group
UNHCR	United Nations High Commissioner for Refugees

# Chapter 1

## Australia and Papua New Guinea

New Guinea sprawls like a vast prehistoric bird across the sea north of Australia. After Greenland it is the world's largest island, and its size, shape and rugged mountains are all the result of its peculiar geological history, for New Guinea is Australia's bow wave. As the continent of Australia has drifted northward it has accumulated islands and fragments of other continents along its leading edge. Like debris swept together by a broom, these have built up into a long, chaotic pile of landforms.<sup>1</sup>

— Tim Flannery

Our great task is not simply to protect, to pacify, to heal, to teach, to give a livelihood or to create institutions for the people of Papua New Guinea. It is to bring into being a new society. All the other work will eventually prove to be in vain and a prelude to trouble unless somewhere in the country there is awakened the idea, the impulse, and the common purpose which will lead to the growth of a new society. Social change in this sense has to be our fundamental care.<sup>2</sup>

— Paul Hasluck



### Australia and Papua New Guinea

On 2 December 2004, almost 30 years after Papua New Guinea gained its independence; Australian police began patrolling the streets of Port Moresby. They were part of a new aid program, the Enhanced Cooperation Program (ECP), that inserted Australian police and officials into operational positions in Papua New Guinea's bureaucracy. The new program increased Australian aid to Papua New Guinea — already one of the largest bilateral programs in the world — to about A\$0.5 billion a year. Unsurprisingly the new program took some time to negotiate, the sticking point was the question of whose courts would have jurisdiction over the officials. The final compromise leant in Australia's favour but was nevertheless enthusiastically endorsed by Papua New Guinea's parliament which, on 27 July 2004, ratified the treaty with little debate and only one vote against. The lone opponent — the Governor Luther Wenge of Morobe Province — promptly sought a Supreme Court ruling that the limitations on the jurisdiction of Papua New Guinea's courts were unconstitutional. While the court was deliberating, bilateral tension increased. Michael Somare, Papua New Guinea's current (and first) prime minister, took offence at having to remove his shoes while in transit at Brisbane airport. All ECP implementation meetings were put on hold. In May 2005 a Papua New Guinea police union meeting called for the Australian police to be sent home. A week later the Supreme Court found that ECP agreement did contravene the constitution.<sup>3</sup> Public reaction was mixed with demonstrations reported for and against Wenge. The ruling was widely presumed to have boosted his status and future electoral prospects.<sup>4</sup> Yet Papua New Guineans wept openly as the Australian police departed.<sup>5</sup> It quickly became clear that parliament was unlikely to overturn the ruling, notwithstanding its initial enthusiasm. It could have done so by amending the constitution with a two-thirds majority. Forty-three of the 64 Australian officials stayed on, without their immunity, while a smaller number of police eventually returned to fill back-room positions.<sup>6</sup>

This episode illustrates something of Australia and Papua New Guinea's unusual post-colonial relationship, and the peculiarities

of Papua New Guinean democracy, nationalism and public opinion. Australia has always been somewhat ambivalent about Papua New Guinea. Papua New Guinea was Australia's only colony and one of the few colonial relationships involving neighbours: the interests driving most comparable relationships have propelled the colonial power onwards to annexation and incorporation.<sup>7</sup> Colonial rule ended unusually peacefully, and earlier than large segments of the indigenous population wished.<sup>8</sup> Since independence, Australia has provided Papua New Guinea with considerable aid, and the new state has been unusually narrowly dependent upon the former colonial power.<sup>9</sup> Australia has never been sure about how this large amount of money should be spent most effectively and has swung between allowing Papua New Guinea control and exerting Australian control over it.<sup>10</sup>

Australia and Papua New Guinea ostensibly share the same fundamental interest in Papua New Guinea's development into a strong, unified and prosperous democracy. But this has not prevented disagreement, usually over the content of the aid program. There are a number of reasons for this: the narrow interests of Papua New Guinea's small elite, genuine pride and nationalism, and real disagreement about how aid can be most effective. For many Papua New Guineans the most important priority is straightforward economic advancement — cash, jobs, infrastructure — usually summed up in the word 'development'.<sup>11</sup> They often have little understanding of, or patience for, the increasingly rarefied theories of international development. There are also real differences in interests. For example, Australia has a particular interest in development in areas proximate to Australia and in the security of Papua New Guinea's borders.<sup>12</sup> More recently Papua New Guinea has shown an, as yet unreciprocated, interest in gaining access to the Australian labour market.

As the ECP episode illustrates, the colonial legacy still exerts considerable and often paradoxical influence over the relationship. It is difficult to imagine many former colonies willingly accepting police and officials from the former colonial power back. Many Papua New Guineans still look to, and have warmer feelings towards, Australia than to any other country. Australian culture has strongly influenced Papua

New Guinea, in ways that go well beyond the obsession with Australian Rugby League. Papua New Guinean informality and practicality feels familiar to many Australians. Yet some postcolonial sensitivity has endured, although this is not comparable to that of colonies which wrested independence from the coloniser. Papua New Guinea's unusually high dependence upon Australia only adds to sensitivities about independence and sovereignty. Papua New Guinea's elite can be the most sensitive despite, or perhaps because of, the fact that they have the strongest links to Australia.

As the dominant partner Australia has played the leading role; and the remainder of this chapter focuses on Australia's interests. Australia's primary interests have been strategic and determined by geographic constants, specifically Papua New Guinea's proximity. For some, these hard interests are all that matters in foreign policy, but the close engagement engendered by Australia's fundamentally strategic interests has produced another set of interests. Australia's national experience in Papua New Guinea as colonial administrator, and especially during the Second World War has seen many Australians become personally and commercially involved in the country. Their interests are echoed in the wider Australian community. On the international stage Australia has been judged by its performance in Papua New Guinea, both during and after the colonial period. Although the second set of interests is a product of the first, it has its own life and has waxed and waned independent of Australia's underlying strategic interests.

### Australia's leading edge

The 'chaotic pile of landforms' to the near-north has long posed a strategic problem for Australia. An otherwise isolated island, Australia has been concerned that this territory could pose a threat. It could be the stepping stone for an attack, or used to threaten the sea and air transport lanes linking Australia with East Asia and the Western Pacific. In response to the German presence in New Guinea, Australia successfully pressed Great Britain to annex Papua (the main island's southeast corner), and following the First World War, Australia expended diplomatic capital

to gain the League of Nations Mandate over German New Guinea. The security concern was vindicated in the Second World War when Australia fought vigorously to repel Japan from the islands.

Papua New Guinea's adjacency has always been central to Australian assessments of its strategic interests there, but the strategic significance accorded to this proximity has changed over time. Following the Vietnam War, Australia retreated from the policy of 'forward defence'. Its successor, which has come to be known as 'Defence of Australia', focused on defending Australia from a direct conventional attack and consequently underscored the strategic importance of Australia's immediate neighbourhood, including the territory of Papua New Guinea.<sup>13</sup>

Nevertheless, in the years leading up to independence Australia downgraded its interests in Papua New Guinea. As Bruce Hunt has shown, Australia's new assessment (in 1973) was 'that the loss of Papua New Guinea to an unfriendly power would not necessarily mean that Australia could not be effectively defended ... [and] ... that Australia could secure its interests in Papua New Guinea by ensuring it retained *access* to bases ... rather than retaining *possession* of them'. Hunt notes that these conclusions 'overturned nearly a century of assumptions about the importance of Papua New Guinea to Australia's strategic environment'.<sup>14</sup>

The Australian view that Papua New Guinea could constitute a strategic liability, rather than an asset, was encouraged by the emergence of separatism in Bougainville and the Gazelle Peninsula, resurgent tribal fighting in the Highlands and increased sensitivity about Papua New Guinea's volatile border with Indonesia. Australia had little interest in having to deal with these problems as a colonial power.

During the Cold War, Australia sought to limit Soviet influence in the South Pacific, although there is minimal evidence that the Soviet Union was seeking to assert any.<sup>15</sup> Soviet attempts to establish relations with the Pacific nations were confined to a briefly upheld fishing agreement with Kiribati secured in 1985 and short-lived economic assistance to Vanuatu and the Solomon Islands in 1987. Australia countered by encouraging the Solomon Islands to instigate a regional consensus, rejecting all Soviet involvement in the region.<sup>16</sup> Papua New Guinea only

agreed to a Soviet Embassy in Port Moresby in the final stages of the Cold War and this caused limited concern.<sup>17</sup>

Australia's focus shifted back to 'the internal threat, as opposed to any increasingly unlikely external threat' with the eruption of the Bougainville conflict in 1989.<sup>18</sup> Australia concurred with Papua New Guinea's rejection of Bougainvillean separatism, and shared Papua New Guinea's concern about the precedent this could set, but did not always agree with Papua New Guinea's methods. A dispute about the use of Australian-donated helicopters caused significant friction. From 1997 Australia took a more active role in resolving the conflict and its position on Bougainville's future shifted to one of being 'open to whatever status for Bougainville was agreed between the negotiating parties'.<sup>19</sup> The peace process was successful and in 2001 Papua New Guinea agreed to grant Bougainville a high level of autonomy. The catalyst for increased Australian engagement was not Papua New Guinea's imminent unravelling, but Port Moresby's engagement of mercenaries.<sup>20</sup> Unsurprisingly, Australia viewed their arrival in the region as a potentially destabilising precedent.

The increasing attention given to non-traditional security threats has added impetus to an emerging critique of the 'Defence of Australia' policy. It argues that, given the diminished likelihood of a conventional attack, the Australian Defence Force should be structured to deal better with non-conventional threats and to undertake the sorts of tasks frequently demanded of modern armies.<sup>21</sup> This critique also argues that the globalisation of security threats has made Australian focus on its immediate region anachronistic.

Alan Dupont argues that the

underlying assumption ... that proximity ought to determine strategic import [is outdated because] state and non-state adversaries can strike from great distances in conventional as well as unconventional ways. The arena of conflict is no longer defined by national borders or neat lines on a map. War, like trade, information and money, has been globalised.<sup>22</sup>

### **A failed state?**

The threat posed by fragile or failed states is one of the most significant 'new' security issues. Whereas the failure of some states to carry out their basic functions — controlling their territory, protecting their citizens and delivering basic services to them — was once viewed as a problem mostly for their citizens, it is now viewed as a global concern. Some of the world's weakest states are now given the greatest attention. This concern is largely a product of globalisation. Weak states represent gaps in the international order and frustrate efforts to regulate the malevolent dimensions of globalisation such as transnational crime, terrorism, and infectious disease. Globalisation makes weak states more vulnerable to these global flows, and increases the likelihood that their problems will be transferred to the rest of the world.

Does this template apply to Papua New Guinea? The question of Papua New Guinea's fragility is addressed in the next chapter. It is enough for now to note that Papua New Guinea appears on most lists of fragile states. But does this fragility necessarily constitute a potential security threat? If so, is the threat to Australia any greater simply by dint of Papua New Guinea's proximity? To put it another way, should Australia be more concerned about the security implication of the failure of Papua New Guinea or Afghanistan? These questions are considered below in terms of the problems a failed Papua New Guinea might attract and the threats might it generate.

### **The natural resource magnet**

Failed states can attract problems ranging from criminals and terrorists to infectious disease. All failed states are vulnerable to the latter but with so many options to choose from those merely seeking to evade international control would need a particular reason to be drawn to Papua New Guinea. Papua New Guinea's natural resource wealth — its abundant forests, fisheries, minerals and hydrocarbons — is the main magnet. In 1997 mercenaries were drawn to Papua New Guinea by the prospect of a share

of Bougainville's mineral wealth and in 2004 the same opportunity drew foreign carpetbaggers — this time betting on the other side — to take up residence in Bougainville's 'no-go zone' controlled by the late rebel leader Francis Ona.<sup>23</sup> The danger is that interlopers could exhaust these resources with little benefit accruing to the country. Their ability to do so depends upon the extent to which the resource's effective exploitation requires a functioning state. Capital-intensive mining is, for example, far more reliant on a working state than fishing or even forestry. For this reason mining companies have shown a great interest in the quality of Papua New Guinea's government and (post-Bougainville and Ok Tedi) good relationships with local landowners. The ability of interlopers to profit from Papua New Guinea's resources might also be limited by the commercial need for a degree of legitimacy.<sup>24</sup>

### A foreign power

It is unlikely that any state would have an interest in formally annexing any part of Papua New Guinea. Such a move would invite international condemnation and shoulder the occupying power with onerous responsibilities. States other than Australia might, however, play an important role in Papua New Guinea's future. The two most significant in this regard are China and Indonesia.

### China

China's growing need for resources and broader strategic interests, including denial of international recognition to Taiwan, has increased its interests in the Pacific and in Papua New Guinea in particular.<sup>25</sup> Whether this is necessarily inimical to Australia's interests, and whether China's broader strategic interests include significant military projection, goes to the heart of the great debate about China's foreign and strategic policy. One side argues that China will inevitably clash with the United States, and that the South Pacific is a likely arena.<sup>26</sup> The other view is that China's dependency upon the international economic system will produce more cooperative behaviour.

China's main interest in Papua New Guinea is its majority interest in the long-deferred Ramu nickel mine in Madang province. Papua New Guinea has also drawn an increasing number of Chinese immigrants in recent years, adding to its long-established ethnic Chinese population. China maintains a substantial diplomatic presence in Papua New Guinea and has a modest aid program, including a small military exchange program with the Papua New Guinea Defence Force (PNGDF).<sup>27</sup>

The development of the Ramu nickel mine should provide a clearer indication of China's approach. It has been suggested that China will seek to deploy military personnel to secure the mine, as it has done to protect an oil pipeline in Sudan,<sup>28</sup> but there is good reason to doubt this. A substantial Chinese deployment would prompt a countervailing response from Australia (and possibly the United States). China's interests in Australia considerably outweigh its interests in Papua New Guinea. Moreover, such an approach would fly in the face of everything that has been learnt by the mining industry about the need for cooperative local relations since the PNGDF failed to prevent disgruntled landowners shutting down the Bougainville copper mine in 1989.<sup>29</sup> China, like other miners, would have a greater interest in protecting its investment by supporting stable government and maintaining good relations with landowners. Its interest in cooperative relations is only underscored by its lack of experience in operating this sort of mine.<sup>30</sup>

Another test of Chinese policy will be its relationship with Papua New Guinea's ethnic Chinese population, a substantial proportion of whom are from Taiwan and some of whom have Australian citizenship. China's relationship with its diaspora is complicated. Many overseas Chinese retain commercial and personal links to China. Encouraged by burgeoning domestic nationalism, China has shown a readiness to advocate their interests, but many overseas Chinese have sought to escape China for political, economic, or even criminal, reasons. A particular test will be Chinese cooperation in action against Chinese crime syndicates.<sup>31</sup> Although some Papua New Guineans suspect that China benefits from Chinese crime, the growing anti-Chinese sentiment this could foment would undermine Chinese public diplomacy. As

frequent gang targets, Papua New Guinea's long-established and law-abiding ethnic Chinese population has an even more direct interest in action against them.

### Indonesia

The little attention Indonesia devotes to Papua New Guinea is shaped primarily by developments in the province of Papua. Aside from some commercial interests, Indonesia's main interests in Papua New Guinea relate to the land border which divides the island of New Guinea.<sup>32</sup> This border is difficult to control and to cross: it runs for 750 kilometres through near impassable jungle, mountains, and swamp.<sup>33</sup> A typically arbitrary colonial border, it is straddled by about 10 language groups. Sporadic Papuan resistance to Indonesian rule of the province continues and could escalate.<sup>34</sup> Opponents of Indonesian rule — mainly *Organisasi Papua Merdeka* (OPM) — and refugees have crossed into Papua New Guinea. More recently it has been claimed that Indonesia is a major source of weapons being smuggled into Papua New Guinea, although there is evidence that most of the illegal weapons in Papua New Guinea have been stolen from Papua New Guinea's armed forces.

Concern about the potential for cross-border friction, intensified by the fresh memory of Sukarno's 'confrontation' policy, added impetus to Australia's departure from Papua New Guinea. At independence there was great uncertainty about how the new state of Papua New Guinea would manage the border. But the worst fears have not been realised: Papua New Guinea's foreign policy has been far more pragmatic than many observers expected. In 1984 more than 10,000 refugees crossed the border, but following this Papua New Guinea began working with the United Nations High Commission for Refugees (UNHCR) on their resettlement and repatriation. Papua New Guinea formally agreed not to allow OPM onto its territory in the 1987 Treaty of Mutual Respect, concluded with Indonesia (a separate agreement allows for traditional movement across the border). Weak Papua New Guinean support for OPM made this pragmatism possible. As Papua New Guinean nationalism remains weak, trans-New Guinean solidarity is even weaker.<sup>35</sup>

The relative stability of the border may be contingent on a viable and pragmatic government in Papua New Guinea. But border tension has not increased as Papua New Guinea's institutions have declined; lacking funds, the PNGDF did not patrol the border at all between 1987 and 2004. One reason for the lack of border tension is that the terrain which makes the border difficult to control also makes it difficult to cross. There is little to attract border-crossers on the Papua New Guinean side: the border provinces (Sandaun and Western) are among the country's poorest. This raises the unlikely possibility of refugee flows in the other direction. Melanesia has produced few refugees; the first instinct of most Melanesians, in the event of large-scale social disruption, is to retreat to the security of the kinship group. This was largely what took place during the Bougainville crisis.<sup>36</sup>

The border's future is likely to depend more upon the political situation in Indonesian Papua than in Papua New Guinea. A significant increase in conflict there could see more cross-border flight and more Indonesian 'hot pursuit'. Sections of Indonesia's military might be tempted to turn repeated hot pursuit into a more permanent presence, perhaps to exploit timber resources in Papua New Guinea's Western Province. But doing so would increase hitherto limited international attention on their activities in Papua and risk undoing the recent improvements in Indonesia's military relationship with the United States.

### Organised crime

A major threat to Papua New Guinea is the growing activities of transnational, primarily Chinese, crime syndicates. Reports of their activities and increasing influence over Papua New Guinean officials, public servants and politicians have increased dramatically in recent years.<sup>37</sup> In November 2003 Papua New Guinea's passport-making machine and immigration database were stolen from a government office. Known Chinese criminals have avoided deportation and have come close to gaining citizenship. In August 2005, Papua New Guinea Prime Minister Somare directed, without any apparent explanation, that a Chinese citizen who had been deported on the basis of 'extensive and comprehensive advice'

provided to the Foreign Minister about his ‘allegedly illegal activities’ should be granted a visa to re-enter Papua New Guinea.<sup>38</sup>

International criminals are attracted both by the absence of law enforcement and by money-making possibilities. But the two do not always go together — if Papua New Guinea were to collapse it might be *less* attractive to organised crime. This was what happened in Nauru (particularly after its banking sector was blacklisted by the Financial Action Task Force). But organised crime could, subject to the qualifications above, also assume a greater interest in the exploitation of Papua New Guinea’s natural resources. And it might be attracted by the proximity of Australia (but see below).

### Terrorists

Since the terrorist attacks of 11 September 2001 in the US, it has been suggested that terrorists might ‘use Papua New Guinea as a haven’ or a base for ‘attacks on Australian soil or against Australian civilians and assets in PNG’.<sup>39</sup> Numerous newspaper articles have added credence to this contention.<sup>40</sup> It is frequently assumed that concern about terrorism underlies Australia’s new approach to the Pacific, including the ECP. In this context it is important to set out the often-overlooked reasons why Islamist terrorists would not be attracted to Papua New Guinea. Jihadists do not typically seek out fixed bases. The existence of such a base enabled the clearest victory of the war on terrorism — the displacement of al-Qaeda in Afghanistan. Other than the supposed benefits of proximity to Australia (see below), it is open to question whether Papua New Guinea would offer terrorists any advantages that they could not gain, less conspicuously, in other weak states.

Papua New Guinea’s population is overwhelmingly and actively Christian, but it is home to some Muslims, including a small Melanesian component. The opening of its first mosque in November 2000, and an Islamic school in Oro in March 2004, has attracted some controversy.<sup>41</sup> Papua New Guinean enthusiasm for the latest brand of Christianity could conceivably extend to Islam; proselytising Muslims offering material incentives would make greater inroads (although they

would have to overcome the popularity of pork). Papua New Guinean Christianity often incorporates traditional elements and so it is probable that Papua New Guinean Islam would too. In any event, as Fiji’s experience demonstrates, the adoption of Islam does not necessarily mean adoption of Islamist politics, let alone violence.

### The Torres Strait: Pandora’s border?

The global concern about failed states derives from their potential to export instability, and other more specific problems, to the rest of the world. According to the World Bank failed states can ‘... perpetuate regional and global instability by failing to prevent cross-border spillovers with adverse consequences — such as conflict, organised crime and epidemic diseases’.<sup>42</sup> A failed Papua New Guinea could generate problems such as disease (mostly HIV), refugees, crime and terrorism. Australia certainly has an interest in preventing and limiting the negative effects of a failed Papua New Guinea on the region, particularly on neighbouring countries such as Indonesia and the Solomon Islands (and on Bougainville which may be an independent state by 2015). But the possibility of any major effect on these countries seems remote. Although the Solomon Islands (and Bougainville) economies are linked to Papua New Guinea they are separated by a considerable expanse of ocean.<sup>43</sup>

It has been argued that Australia’s proximity to Papua New Guinea increases its vulnerability to not only a conventional military attack but also to the non-traditional threats that a failed Papua New Guinea could generate.<sup>44</sup> The fact that the northernmost island of the (Australian) Torres Strait archipelago is only 6 kilometres from the Papua New Guinea littoral and only about 40 kilometres from Indonesian Papua is usually cited in support of this proposition. Although this border may appear porous to many Australians (accustomed to large expanses of ocean between themselves and the rest of the world), it is not particularly permeable by international standards. The Torres Strait is approximately 150 kilometres wide. A major study into its strategic significance concluded that the

Torres Strait is more of an obstruction than an attraction. It is a massive natural obstacle that both Australia and any potential opponent could attempt to exploit to constrain the other's operations.<sup>45</sup>

Western Province, on the Papua New Guinean side, is the least accessible province in Papua New Guinea. The Torres Strait Treaty allows traditional inhabitants of the area free movement across the border for 'traditional purposes' and about 5,000 small boats cross the border each year. This number has increased as more Papua New Guineans covered by the treaty have sought access to the Australian market and health services. But islanders are attentive to non-traditional movement and the treaty permits Australia to close the border. This power has been used in response to tribal fighting.

On the Australian side, there is no easily accessible urban centre into which intruders can disappear. The Cape York Peninsula is difficult to pass through undetected both because of its geography and its watchful locals. It is no surprise that there have been no reports of large-scale people-smuggling or drug-smuggling across the Torres Strait. The overwhelming majority of intercepted illegal boats are illegal fishing boats from Indonesia. Australia's Federal Police commissioner has described stories of a drugs-for-guns smuggling syndicate operating across the Torres Strait as 'the stuff of legend'.<sup>46</sup> Should this threat increase, there is considerable scope for Australia to increase the resources devoted to protecting this border.<sup>47</sup>

It seems doubtful therefore that Papua New Guinea's proximity to Australia offers any particular advantages to criminals or terrorists. There are several reasons to doubt predictions of a sudden outflow of refugees across the Torres Strait. As noted above, the first instinct of many Melanesians in the event of large-scale social disruption is to retreat to the security of the kinship group and Papua New Guinea's difficult terrain only reinforces this tendency. Traditional cross-border movement could increase the threat of disease but its effect could be limited by appropriate preventive strategies on both sides of the border.

### Our great task

Australia's involvement with Papua New Guinea has been fundamentally shaped by its strategic interests. But this close involvement has given rise to a second group of interests, including Australian domestic interests. Many Australians fought, died, and are buried, in Papua New Guinea. The essential support provided by Papua New Guineans is remembered fondly. During the colonial administration many Australians worked there. Paul Hasluck's quote included at the opening of this paper, indicates something of the idealism with which many Australians approached their work.<sup>48</sup> Today there are about 6,000 Australian expatriates living in Papua New Guinea, who collectively constitute a separate Australian consular interest. Australia's economic interests in Papua New Guinea are limited, but could grow with the global surge in demand for commodities.<sup>49</sup> This combination of domestic interests has given many Australians a sense of national responsibility for Papua New Guinea. This interest partly underwrites the aid program. More general humanitarian concerns provide an insufficient rationale for the program size or focus on Papua New Guinea.<sup>50</sup>

There is, however, nothing constant about this interest. The public attention devoted to Papua New Guinea has diminished over time and is now largely limited to Canberra and Cairns. The Australian media rarely reports on Papua New Guinea. The break down in law and order since the mid-1980s has contributed to the decline; fewer Australians travel to Papua New Guinea and those who do restrict their movements. Papua New Guinea's reputation probably explains the relatively low number of Australians — only 60 per cent — who reported positive feelings about Papua New Guinea in a recent Lowy Institute poll.<sup>51</sup> As the generation of Australians that knew Papua New Guinea well grows older there is little evidence that a younger generation is emerging to take its place. The resurgence of Australian interest in World War II history could generate more interest; the Kokoda Track has grown in popularity as a tourist destination but its attractiveness is likely to remain limited as long as Papua New Guinea's reputation as a dangerous place continues.<sup>52</sup> Unlike many

other post-colonial relationships, there is no sizeable Papua New Guinean diaspora in Australia to help sustain the relationship.

Despite this apparent decline in the Australian public's interest in, and feelings of responsibility for, Papua New Guinea, these could re-emerge in the event of a major break-down or crisis in Papua New Guinea. It was domestic interest, as much as strategic considerations, that drove Australia's intervention in East Timor.

### International reputation

The domestic view that Australia has a particular responsibility for Papua New Guinea is echoed internationally. Once Australia assumed colonial authority over Papua New Guinea its international reputation and standing was linked to its performance there. It was international opposition to colonial rule, rather than specific opposition within Papua New Guinea, that sped up independence. Australia was also prompted by the likelihood of increased difficulties in governing Papua New Guinea. But policing these disturbances, especially in a way that preserved Australia's reputation as a relatively benign ruler, would be harder precisely because of decreasing tolerance for colonial rule. Australia signalled its acceptance of a degree of continuing responsibility for Papua New Guinea after independence through setting up a large-scale aid program.

The idea that the international community still holds Australia responsible for Papua New Guinea seems far-fetched considering the length of time that has passed since independence, the resources Australia has transferred to Papua New Guinea, and especially Papua New Guinea's near-invisibility on the international scene. It has, however, been argued that rivalry between China and Japan or the United States could see a sudden increase in international attention accorded to the South-West Pacific. More compellingly, the credibility of Australia's wider Pacific policy depends, to some extent, upon Papua New Guinea. And a major break-down or crisis in Papua New Guinea could, especially if it were accompanied by dramatic television images, prompt compelling international demand for Australian action to augment the domestic demand.

### Conclusion

Australia has a security interest in Papua New Guinea's development into a strong, unified, and prosperous democracy. But this interest is neither as clear-cut nor boundless as is sometimes claimed. A number of qualifications need to be taken into account. The prospect of another state using the territory of Papua New Guinea to threaten Australia, as Japan did in 1942, is remote. A weakening Papua New Guinea holds some attractions for transnational criminals and their ilk, especially because of its natural resources, but claims that Papua New Guinea could attract terrorists are exaggerated and there is little reason to believe that a failed Papua New Guinea would produce large numbers of refugees. Australia could protect itself from any increased threat emanating from Papua New Guinea by devoting more resources to the northern border, which is not as permeable as is sometimes asserted. Although the danger a failed Papua New Guinea could pose to Australia can be exaggerated at times, the risk still exists and it is one that Australia should try to avoid. Australia's interest in not finding out the extent of this risk is sufficient to underwrite continued attempts to ensure Papua New Guinea's prosperity, but only up to a point.

Australia does have other interests in Papua New Guinea's effective development. Australia's strong humanitarian interest is relevant but does not, of itself, require a particular focus on Papua New Guinea. More compelling is the dormant view, held domestically and in the international community, that Australia has a particular responsibility for Papua New Guinea. In the event of a major crisis this could compel an Australia intervention in Papua New Guinea. Interventions are usually expensive; preventive action much less so. So Australia has an interest in spending resources now to avoid the need for a more expensive intervention later, especially given the possible depletion of Papua New Guinea's natural wealth in the interim.



# Chapter 2

## What is the problem?

While there is guarded optimism, these days, about the future, it is more individual than tribal; more tribal than national. It is expressed primarily by individuals and families about themselves, not, as 30 years ago, about Project PNG.<sup>53</sup>

— Rowan Callick

### Half full or half empty?

At independence, opinion about Papua New Guinea's prospects was divided. Optimists grounded their hope in the country's obvious potential, including fertile land and abundant natural resources. The peaceful transition to independence allowed for the adoption of democratic civilian rule and the establishment of friendly relations with, and generous financial support from, the former colonial power. As independence came at the end of the wave of decolonisation many hoped the new country's architects could avoid the mistakes of those who went earlier. But pessimists foresaw a trajectory of internecine violence, economic collapse and military rule similar to that which had

beset other former colonies.<sup>54</sup> Opinion on Papua New Guinea's prospects was still divided 15 years later, as David Hegarty noted in a 1989 survey of the literature there seemed to be at least two pessimists for each optimist. The multilateral development banks were optimistic.<sup>55</sup> Thirty years after independence it is clear that the pessimists predominate, and the multilateral development banks are among the most pessimistic.<sup>56</sup> Nevertheless, there are still some who emphasise the recent batch of 'good news' coming out of Papua New Guinea. Although the optimists' hopes have not been realised, looking back it is clear that nor have many of the pessimists' fears. In its 30 years Papua New Guinea has survived a disproportionate number of natural disasters and a major secessionist conflict. It has largely avoided the major disasters of bloodshed and famine that have afflicted many other former colonies. But concern about Papua New Guinea's future is growing.

### Facts

Part of the problem in assessing Papua New Guinea's predicament stems from the paucity of high-quality information about Papua New Guinea. The country's information infrastructure is weak and Papua New Guinea receives little media or academic attention. As a consequence many assessments are heavily influenced by anecdotal evidence that is mostly, but not exclusively, negative.

This caveat aside, there is little alternative to the available economic statistics and social indicators. These paint a negative picture which accords with most of the anecdotal evidence.<sup>57</sup> Since independence the economy has grown at an average annual rate of just over 2 per cent.<sup>58</sup> The population has grown slightly faster and consequently real income per capita is in long-term decline.<sup>59</sup> The figure for average growth is, however, misleading as actual growth has been sporadic with a series of dramatic boom-and-bust cycles which reflect the economy's dependence upon natural resource projects (for example, the economy grew by 18 per cent in 1993 and shrank by 4 per cent in 1997).<sup>60</sup> The economy contracted from 1995–2002 but has been in growth since then, chiefly as a result of the recent surge in commodity prices.<sup>61</sup>

Papua New Guineans' health has improved only slightly since independence. Improvements in education levels have been slightly better. From 1975 to 2003 average life expectancy at birth increased from 49 years to 57 years, infant mortality declined from 89.8 to 69 per 1000, and illiteracy declined from 56.2 per cent to 36.1 per cent in 2000.<sup>62</sup> This has been characterised as 'a 20 to 50 per cent improvement since independence in life expectancy, literacy levels, infant mortality rates and school participation rates'.<sup>63</sup> This representation, however, conceals the stalling in some health indicators during the 1990s, a period roughly corresponding with the long economic contraction. According to Papua New Guinea's national census, life expectancy at age 25 did not improve at all during the 1990s and life expectancy at birth did not improve from 1996 to 2000.

The grimness of this picture varies considerably across Papua New Guinea. Life expectancy ranges from about 45 years in provinces such as Sandaun and Gulf, to close to 60 years in the National Capital District and Bougainville. Infant mortality varies from 22 out of 1,000 to over 100 out of every 1,000. Adult literacy ranges from a low of 35 per cent in Enga to a high of 91 per cent in the National Capital District. School attendance varies from 17 per cent in the Southern Highlands to 41 per cent in Bougainville.<sup>64</sup> Generally speaking, the island provinces are the best-developed, the Highland provinces least-developed and the coastal provinces somewhere in the middle. But two coastal provinces — Sandaun (West Sepik) and Gulf — have the highest infant mortality and the lowest life expectancy. (Possible explanations for this variation are discussed in Chapter 3.)

### Comparisons

These figures paint a gloomy picture, but Papua New Guinea is not the only new state to have fallen short of the hopes of independence, nor is it the only one to have spent a period going backwards. How disappointed should we be? To assess Papua New Guinea's performance properly it is important to compare it with other countries. But the numerous variables at play and Papua New Guinea's uniqueness, for example in

terms of linguistic diversity and recency of contact, make a fair and objective comparison difficult.

Papua New Guinea's performance since its independence in 1975 is frequently compared unfavourably with the period of Australian administration. The administration maintained better law and order and delivered higher economic growth (averaging over 6 per cent per annum from 1961–1974). The contrast in terms of health was less dramatic; between 1962 and 1972 life expectancy increased 2.5 per cent (compared to an improvement of about 2 per cent between 1977 and 1987).<sup>65</sup> This comparison gives some indication of Papua New Guinea's decline, but it is not especially useful. It is unrealistic to expect a new democracy, even a generously funded one, to match the performance of a benign dictatorship. Elected governments are obliged to balance a wider variety of competing demands and young democracies face particular challenges. The point is that benign dictatorships are unsustainable. International pressure and the emergence of problems which it was ill-equipped to handle forced an end to Australia's rule of Papua New Guinea.<sup>66</sup>

It seems logical to compare Papua New Guinea to neighbouring states of the South-West Pacific, especially those of Melanesia which have similar histories and cultures. Melanesia's distinctive characteristic is its diversity, indicated by its enormous number of distinct languages. This heterogeneity means that one thing Melanesian societies have 'in common' is, paradoxically, a lack of commonality.<sup>67</sup> Papua New Guinea's size also distinguishes it from the smaller archipelagos of the South-West Pacific and it is blessed with unusual natural resource wealth.<sup>68</sup> How does Papua New Guinea compare? It is frequently pointed out that Papua New Guinea's social indicators are the worst, by far, in the South Pacific.<sup>69</sup> It is shocking to realise that Papua New Guineans die, on average, at 57 — more than a decade earlier than neighbouring Solomon Islanders (73).<sup>70</sup> It should be acknowledged, though, that life expectancy has always been longer in the Solomon Islands.<sup>71</sup> A more appropriate comparison might be between the Solomon Islands and neighbouring Bougainville which, at 60, had the longest life expectancy in Papua New Guinea (despite the civil war)

according to the 2000 census. But the gap is still almost 10 years.<sup>72</sup>

Papua New Guinea has also been compared with Africa, especially sub-Saharan Africa which, like Melanesia, largely lacked a pre-colonial concept of statehood. At the time of independence a number of commentators likened Papua New Guinea to particular sub-Saharan African states. Overall, Papua New Guinea has performed better than the (generally very poorly performing) sub-Saharan African states. For example, Papua New Guinea ranks higher than the sub-Saharan African average on the United Nation's Human Development Index.<sup>73</sup> (Papua New Guinea is compared with sub-Saharan Africa's fragile states below). Whereas some regard this as a positive achievement, others view the fact that Papua New Guinea can even be compared with sub-Saharan Africa as a sign of failure.<sup>74</sup>

## Causes

### *Economic policy*

Papua New Guinea's painfully slow development has confounded observers and has prompted a number of attempts to discover the problem's root cause. Early efforts were focused on macro-economic policy. It was hoped that Papua New Guinea's implementation of a number of economic reforms — in particular, wage deregulation and currency flotation, would unlock the economy. In agreement with the World Bank and the International Monetary Fund, Papua New Guinea has undertaken three structural adjustment programs (in 1990, 1994 and 1999). These programs have had some success in the areas of trade policy and more recently the financial sector. But little progress has been made in the areas of land reform, privatisation, and public-sector downsizing.<sup>75</sup> Economic reform has, thus far, not produced the expected results. Some reforms have faced active political opposition while others have suffered from poor implementation, either as result of weak political will or poor administrative capacity. This has prompted donors to try to drill deeper into Papua New Guinea's budgetary and political processes.<sup>76</sup> Current reform efforts are focused on budget preparation, including coordination

between government agencies; controls on spending and post-budget follow-up. (Constitutional reforms are analysed in Chapter 4.) The limited success of economic reforms so far has spurred observers to try and identify other fundamental constraints.

### *Geography*

Papua New Guinea's geography has long been acknowledged as a major constraint. Papua New Guinea is composed of half of the world's second-largest island, several smaller islands (Manus, New Ireland, New Britain, Bougainville) and hundreds of tiny ones. The main island is divided by a high mountain range (with many peaks above 4,000 metres) which contains numerous valleys holding just under half the population. The major rivers which drain the Highlands produce swamps and floodplains. Contrary to popular impressions, a recent study found that about '70 per cent of the total land area has a very low to low potential for most food and cash crops, while only seven per cent has high to very high potential'. This is because, among other things, almost 50 per cent of the total land area is mountainous and 20 per cent is seasonally or permanently flooded.<sup>77</sup>

Although most former colonies are artificial creations, it is particularly difficult to imagine Papua New Guinea developing organically. Its geographical fragmentation has produced a highly dispersed population whose history of mutual isolation is indicated by the enormous number (over 800) of distinct language groups. Contact among local groups remains limited. With few roads connecting the country — and no road access to the capital, Port Moresby — Papua New Guinea remains unusually dependent upon air travel, containing more than 450 airstrips. Although there is little that can be done about this geographic constraint (geological instability, not to mention lack of resources or expertise, precludes the sort of tunnelling that Switzerland has undertaken) it does have implications for the way in which Papua New Guinea can best be governed. Papua New Guinea's cultural diversity is discussed in Chapter 3 and an argument for decentralisation is made in Chapter 5.

### *Resource curse*

Although Papua New Guinea is blessed with abundant natural resources this may be something of a curse in disguise. The poor performance of many resource-rich countries has increased the attention focused on the 'resource curse' and a number of possible explanations for this have been advanced. Resource wealth encourages rent-seeking, rather than wealth-creating, policies and behaviour. In its most extreme form, this rent-seeking can develop into destructive conflict. Bougainville is just one example of the worldwide phenomenon of a resource-rich region seeking independence. Not only does resource wealth reduce the incentive to produce broad-based growth, but large-scale extractive industries can crowd out other economic activity by drawing in the skilled workforce and by producing a currency appreciation which makes domestic industry and other exporters (in Papua New Guinea, primarily agriculture) less competitive.<sup>78</sup> Resource-dependant economies are difficult to manage as a result of the volatility produced by fluctuating commodity prices. Like many others, Papua New Guinea has incurred liabilities in the good times, especially through an expanded public payroll. These are difficult to correct when times get tough.

The fact that not all resource-rich countries have fallen under this curse shows that the problem is not the resources themselves, but their management. The high number of resource-rich countries that have performed poorly does, however, suggest that a new state's resource wealth is an important factor to be taken into account when constructing its system of government. The cumulative political settlements which produced the British Westminster system were based on an economy that was at first feudal-agricultural and then mercantile. The best way of ensuring that the resource rents are a blessing, rather than a curse, is by channelling them into a discrete but transparent fund (ideally denominated in foreign currency so as to avoid artificial currency appreciation or 'Dutch disease'), but protecting funds such as these depends upon a transparent political process. Recent research has underscored the importance of strong checks and balances on resources in resource-rich economies, showing

that the transition to democracy can be inimical to economic growth in resource-rich countries unless strong checks and balances are put in place.<sup>79</sup>

### *Customary land ownership*

About 97 per cent of Papua New Guinea's land is owned by customary groups. The nature of their rights varies from place to place, but generally speaking 'tenure to land is group based, and individuals have rights to land as a result of their membership by birth into a group, or of some other relationship to the group'.<sup>80</sup> Although there is no comprehensive register of these rights, there are a number of legal mechanisms through which customary groups can assert them.<sup>81</sup>

Hernando de Soto has famously argued that the lack of protection for private property rights explains the failure of capitalism outside the West.<sup>82</sup> In Papua New Guinea it has long been argued that customary tenure or, more precisely, the lack of private property rights in land, is a primary constraint on development.<sup>83</sup> It is argued that customary ownership locks up land, preventing it from being used as collateral, and that communal rights to the fruits of the land act as a disincentive to individual endeavour. Proponents of individualising land title cite examples of successful land reform in Asia, especially in Taiwan and South Korea.<sup>84</sup>

Defenders of customary title argue that it better accords with Melanesian culture and provides an important social safety net. Papua New Guineans can always fall back on the land. They point to unsuccessful attempts to individualise land title in East Africa and the Solomon Islands and cite examples of the successful commercial mobilisation of customary land.<sup>85</sup> The most commonly cited example is West New Britain's palm oil industry. It is based on a complicated series of leases. Customary landowners lease their land to the government, which leases it back to them.

A better legal framework could enable the more productive use of land, at the very least reducing the need for a complicated lease-lease back system. In particular it could help solve the problem of urban squatters. Most urban immigrants are compelled to live as squatters because of the impossibility of obtaining rights to the land they live on.

Although some have concluded informal agreements with customary landowners, these provide only limited security. A first step would be to develop a system for the registration of customary title. It is important to note that registration need not equate with the individualisation of land title, though the two are often confusingly conflated.<sup>86</sup> There are a range of forms this system could take: 'sporadic registration' by traditional groups is simpler but it is frequently argued that systematic registration is fairer and more cost-effective.<sup>87</sup> Other issues include the extent to which lower-level rights such as leases should be registered and the degree of state involvement or supervision in subsequent sale and leasing arrangements. It is not widely known that Papua New Guinea already has legislation, inherited from the Australian Administration, providing for the registration of customary land. The provinces of East New Britain and Sepik also have land registration legislation. Papua New Guinea attempted to introduce a new system in the 1990s as part of a structural adjustment program but this was withdrawn in the face of violent protests, fuelled by rumours that it would lead to the takeover of customary land by the World Bank.

The question of land reform is best understood as part of the broader question of state and society in Papua New Guinea. Although the current system could be said to strengthen traditional groups *vis-à-vis* the state, it is also a recognition of political reality. This is demonstrated by the frequency with which even those with clear legal title are obliged to pay 'compensation' to 'landowners' because of the state's inability to guarantee their title.<sup>88</sup> The possibility of financiers accepting registered land as security for loans will depend not only upon the legal system in place but the ability of the state to enforce it. Hostility to land reform in Papua New Guinea is fuelled by misunderstanding, but landowner suspicion is not entirely without foundation. Maladministered reform could lead to landowners' legal, if not physical, dispossession. Given the complexity of the issue, progress on the national level appears highly elusive. Notwithstanding the benefits of systematic registration, a local approach which allows for incremental steps and for the development of good models appears far more realistic.

***Law enforcement***

Focus on Papua New Guinea's law-and-order problems has increased since the mid-1980s and these are now widely viewed as the fundamental constraint to growth.<sup>89</sup> These problems are not all new — there is a long tradition of tribal fighting in the Highlands. But these days the distinction between 'tribal fighting' and 'modern' disputes about resources (land, cash, and elections) is often blurred. Violence has intensified with the proliferation of high-powered weaponry and the use of military tactics.<sup>90</sup>

Urban drift has increased the numbers of those in the towns unable to find work and who are divorced from traditional support structures.<sup>91</sup> There are no reliable statistics, but the extraordinary level of security maintained by business in urban centres gives a good indication of the extent of this problem. Port Moresby's international notoriety for lawlessness and violent crime is clearly reflected in its labelling as the 'worst city in the world for foreigners' by the *Economist* in 2002.<sup>92</sup>

Of particular concern is evidence that criminal activity is becoming more organised, partly because of its increasingly transnational character. The ability of Papua New Guinea's police force to address these issues is severely constrained by its limited resources.<sup>93</sup> But, more worryingly, there is growing evidence of police complicity with criminals and of an increase in corruption at the higher levels.<sup>94</sup> The secret 1997 filming of drunken Prime Minister Bill Skate declaring himself the 'godfather' of the *raskols* is one disturbing example of the pervasiveness of corruption.

There appears to be little prospect of an African-style military coup, yet there are signs of weakening state control of the military. During the 1997 *Sandline* crisis the army (albeit with public support) effectively forced the government from office. And in 2001 the army forced the government to withdraw planned retrenchments. However, the government did manage to implement some reforms, including a modest down-sizing in administration. The high praise the PNGDF has received for its performance as part of the Regional Assistance Mission to the Solomon Islands (RAMSI) may reflect the success of these reforms in increasing the force's professionalism.

***Service Delivery***

The lack of improvement in the average Papua New Guinean's health since the mid-1990s is the result of a break-down in the delivery of health services during the same period. According to one estimate the churches now provide 45 per cent of health services in Papua New Guinea.<sup>95</sup> Education is beset by similar, although less stark, problems.<sup>96</sup> This break-down is only partly attributable to economic contraction, as Papua New Guinea has continued to devote a relatively large proportion — by international standards — of its budget to service delivery, although this is mostly donor-funded.<sup>97</sup> This low efficiency is partly attributable to familiar problems of a dispersed population and difficult terrain but it has been worsened by a host of governance problems, including bad financial management, corruption, bad roads, and poor security.<sup>98</sup> In particular, the effective abolition of independent provincial government in 1995 has weakened the delivery of basic services (see Chapter 5).

***In a fragile state***

The problems discussed above all relate in one form or another to the quality of government. Good governance and strong institutions are increasingly viewed as central to economic development. A number of studies have attempted to measure and compare the quality of government. These studies are more subjective, tending to be based on the perceptions of survey groups. Papua New Guinea performs particularly badly. According to World Bank Governance Indicators, Papua New Guinea scores worse than any region in terms of political stability, rule of law, government effectiveness, and on a regional basis only the former Soviet Union has weaker controls on corruption.<sup>99</sup>

It is largely on the basis of Papua New Guinea's poor governance that it is recognised as one of the world's fragile states. Increased international attention on fragile states reflects a convergence of development theory and broader strategic concerns about the implications for international security of weak or fragile states (discussed in Chapter 1). Papua New Guinea is one of 30 countries on the World Bank list of 'Low Income

Countries Under Stress' (LICUS) compiled from those countries with the lowest governance-effectiveness scores.<sup>100</sup> It also appears on Britain's 'proxy list' of 46 fragile states — defined as those which 'cannot or will not deliver core functions to the majority of (their) people' — compiled by adding 16 other 'countries also deemed fragile' to the World Bank list.<sup>101</sup> Australia officially recognises Papua New Guinea as one of a number of fragile states, defined as

countries that face particularly grave poverty and development challenges and are at high risk of further decline — or even failure ... (because) ... state structures lack the capacity (or, in some cases, the political will) to provide public safety and security, good governance and economic growth for their citizens.<sup>102</sup>

### How fragile is it?

Papua New Guinea is one of the world's fragile states and this in itself is a cause for concern, but to get a sharper picture of Papua New Guinea's fragility it is necessary to assess it alongside other fragile states. Compared with the fragile states of sub-Saharan Africa that are included on the British list (Central African Republic, Chad, Republic of Congo, and Zimbabwe, among others), Papua New Guinea is, on average, about 20 per cent less reliant on aid, has a much higher proportion of its children enrolled in primary school, fewer un-nourished citizens, and has achieved higher GDP per capita annual growth.<sup>103</sup> The recent resolution of the Bougainville conflict also positively distinguishes Papua New Guinea from most other fragile states. Three out of four states on the World Bank list are affected by ongoing armed conflict. Although Papua New Guinea faces growing law-and-order problems, including tribal violence, further civil war is unlikely (Chapter 1). Papua New Guinea may have worse governance effectiveness scores than any region (save for the former Soviet Union's control of corruption) but it performs better than a number of individual states.<sup>104</sup>

Papua New Guinea's fragility is partly a function of its youth. At only 30 years old, it is one of the world's youngest states. It is not just that the state is young but that the concept of statehood is new. Before colonisation brought a degree of administrative unity, Papua New Guinea's large number of clans and tribes had little contact with, and often little knowledge of, one another. For groups living in the Highlands, this contact has come only very recently.<sup>105</sup> The state still has a long way to establish itself, particularly vis-à-vis competing and much longer-standing loyalties to family, clan and tribe. Recognition of Papua New Guinea's youth would provide greater comfort if the evidence indicated that the state was continuing to evolve, but there is considerable evidence that the opposite process has been taking place since sometime in the mid- to late- 1980s.

### Trends

The usual difficulties of predicting the future are compounded in the case of Papua New Guinea as a result of the paucity of reliable data and a shortage of meaningful precedents. Nevertheless, there are discernible trends which are worth noting. In analysing them it is important to take appropriate account of the frequently overlooked good news.

### *Economy and Population*

Over the long term (since 1960) a trend towards declining GDP growth is clear.<sup>106</sup> This decline is more profound on a per capita basis, and would become more so if the population were to continue growing at its current rapid rate of about 2.5 per cent per annum. In fact population growth is likely to slow as a result of the spread of HIV, adding to the country's economic woes, especially because the most productive sector in the population is the group most likely to be infected.

Economic decline is likely to sharpen as Papua New Guinea begins to exhaust its natural resources. Papua New Guinea's latest mining boom, like its predecessors, has generated considerable optimism. It is hoped that new mines — especially a natural gas pipeline to

Australia — will counterbalance the impending closure of a number of major mines, including Porgera and Tolukuma in 2008 and Ok Tedi in 2012. But a study commissioned by the Australian Bureau of Agricultural and Resource Economics (ABARE) found that not even the most optimistic scenario ‘could deliver growth that would match Papua New Guinea’s population growth rate of around 2.5 per cent. By 2013, real GDP per person would be 15 per cent below the level in 2002’.<sup>107</sup> Although the ABARE study may have under-estimated the extent of the current boom, it is difficult to argue with its conclusion that Papua New Guinea cannot continue to rely on the mining and petroleum sector to raise its citizens’ average wealth.<sup>108</sup>

Recent improvements in economic management provide a better basis for optimism than new mining projects. The Morauta Government limited the government’s role in the financial sector by legislating for the independence of the Central Bank and the National Superannuation Fund (NASFUND). Both reforms appear to have been successful.<sup>109</sup> The 2002 Somare Government has improved financial controls and undertaken budgetary reforms, including the revival of the Public Accounts Committee. The strongest evidence that improved economic management has begun to yield results is not just recent economic growth, but that growth for 2004 appears broader-based: the agricultural sector was the greatest contributor, followed by construction, and then mining.<sup>110</sup> It is, however, too early to draw longer-term conclusions from these figures. The latest economic reforms need to be assessed cautiously. The current government’s expenditure controls have mostly consisted of blunt cuts in development expenditure, including to health and education, which are forecast to become even more severe in future years.<sup>111</sup> There are no signs yet that the government is ready to follow through on plans to ‘right-size’ the bloated public service.<sup>112</sup> A series of Papua New Guinean governments have made impressive macro-economic decisions which have yielded only short-term results.<sup>113</sup> Unfortunately, there is little basis to assume that current improvements can be sustained any longer, especially with the 2007 elections approaching.<sup>114</sup>

## *HIV*

The most alarming trend in Papua New Guinea is the rapid spread of HIV. Diagnosed cases have increased by about 30 per cent each year since 1997. The official number of diagnosed cases is 10,000, but plausible estimates range from 25,000 to 70,000. Since 2001, HIV-related illness has been the main cause of adult death at Port Moresby General Hospital. In the first half of 2002, 1 per cent of antenatal women in the Port Moresby General Hospital were HIV-positive. South Africa recorded similar statistics in 1992 and one-fifth of its population is now believed to be HIV-positive.<sup>115</sup>

Although these facts are widely known it is surprising how often they are disregarded in projections of economic and population growth. If the infections continue to increase at a rate of 15 to 30 per cent a year (arguably a conservative estimate) then, according to one report, this could cut measures of economic welfare by 12 to 48 per cent by the year 2020, including a reduction in the labour force of 13 to 38 per cent and an increase in the budget deficit by between 9 and 21 per cent by 2020.<sup>116</sup>

HIV has been spread predominantly through heterosexual sex; its spread has been accelerated by the regularity of unprotected sex with multiple partners including coerced sex, rape, incest, and paedophilia.<sup>117</sup> The number of HIV-infected women under 30 has recently increased and may soon overtake the number of HIV-infected men in the same age group. Although the use of condoms is increasing, it remains limited and is not encouraged by some church groups, which continue to preach abstinence as the best defence. Both the official and community response is constrained by the high level of stigma attached to the disease.

A difficult but fundamental question is how limited resources should be divided between prevention and treatment. Treatments such as the new anti-retroviral therapies hold promise, but are expensive and require strict compliance with complex treatment regimes. There are serious doubts about whether many Papua New Guineans will fully comply with them. Nevertheless, a large share of Papua New Guinea’s health resources are likely to be devoted to treatment for the time being,



as Papua New Guinea has obtained US\$20 million in funding for anti-retroviral therapy, treatment facilities, and awareness campaigns.<sup>118</sup>

Prevention is clearly of fundamental importance in a poor country like Papua New Guinea, but focusing on it requires addressing difficult cultural issues such as sexual behaviour and the status of women, which many politicians and bureaucrats would rather avoid. A central difficulty is getting the message about safe sex across geographic, cultural and linguistic barriers (which present less of an impediment to the virus).

### *Weakening state*

Perhaps the trend most important, but hardest to define, in Papua New Guinea is the deterioration of the state's capacity, authority and legitimacy. This trend includes the decline in the state's ability to carry out both its supportive functions (primarily service delivery) and its restrictive ones (chiefly law enforcement). Increasingly avaricious politics, violent elections, politicisation of the public service, corruption and growing influence of organised crime are all causes and symptoms of the problem.

The state's weakening is arguably a function of economic decline which could be corrected through sustained growth — but periods of high economic growth have not been associated with better governance in Papua New Guinea.<sup>119</sup> Political reform and better macro-economic management have usually been prompted by economic crises. The blunt cuts in development spending, a component of the current, ostensibly sound, macro-economic management, also weaken the state.

A more plausible explanation is that the systems and norms of government established at independence are breaking down under the pressure of political competition between isolated constituencies for access to state resources. In many respects this is a cultural issue. Rather than seeing the state as the institutional embodiment of their collective resources and will, many Papua New Guineans view it as an alien presence to be either resisted or conquered (and looted), and their numbers have increased as the state's legitimacy

has declined (see Chapter 3). Parliamentarians and governments must continually embrace previously unthinkable tactics to stay ahead of their opposition (see Chapter 4). As a result even the more idealistic become cynical over time.

### *Fragmentation?*

The weakening of the state has seen the return of concern that Papua New Guinea could fragment. A form of fragmentation is evident in the increasing power assumed by local members of parliament via their local discretionary budgets (more commonly known as 'slush funds') and in the increasing ability of landowners to leverage their territorial control to extract a larger share of resource royalties.<sup>120</sup> The potential for further Bougainville-style separatism is, however, probably limited. Increased education, internal migration and intermarriage have strengthened the concept of the nation, even if it is only honoured in breach, among important segments of the population. More important perhaps is a growing realism about the lack of future offered by secession and micro-states.<sup>121</sup> None of Papua New Guinea's vast number of ethnic groups is large enough to go it alone or, as a number of observers have pointed out, to dominate the rest of the country.<sup>122</sup> Rather than providing a precedent, the traumatic memory of the Bougainville conflict probably operates as a deterrent.

In the aftermath of the Bougainville settlement it is clearer that the issue was, to a large extent, unique. Bougainville combined an unusually strong and long-standing secessionist sentiment, great natural resource wealth — once sufficient to underwrite independence — and clear natural borders. Different parts of Papua New Guinea possess one or more of these characteristics but rarely in a form comparable to Bougainville, and none have all three. Most of the remaining underground mineral wealth is in the land-locked centre of the country. There have been no serious demands for independence. The demand for a separate Hela Province (support for which is questionable) in the Southern Highlands is not a demand for independence. In any event, most Highlanders sense the steady strengthening of their national position since independence

and thus have little interest in the state's fragmentation. Some of the coastal provinces have potential (or declining) mineral wealth. Morobe and Milne Bay have made hazy requests for 'greater autonomy' but neither has sought independence. The island provinces have clear borders but have evinced little interest in going it alone. New Ireland is home to the Lihir Gold Mine and its royalties fund an idiosyncratic administration but there is little evidence of secessionist sentiment. East New Britain probably provides the best test of any post-Bougainville domino effect. The Tolai (the dominant ethnic group in the province) have the strongest history of secessionism outside Bougainville. East New Britain has recently sought greater autonomy but has been careful to emphasise that it is not seeking independence. This is not just a pragmatic compromise; the province's leaders recognise their interest in remaining part of Papua New Guinea.

### *Internecine Violence?*

Although further separatism is unlikely, the question remains as to whether conflict over diminishing resources could develop into large-scale internecine violence. The eruption of large-scale African-style ethnic violence in Papua New Guinea has been wrongly predicted since independence. Long-standing ethnic conflict has not escalated in the way some observers have feared, largely because of the corresponding survival of traditions designed to constrain it. In some ways it is precisely Papua New Guineans' long experience with violence that has enabled them to keep it in check.<sup>123</sup> But modern developments, including rapid increases in wealth, and the inflow of guns, vehicles, alcohol, and population movements — especially urbanisation — are placing these countervailing traditions under increasing pressure and their resilience is unclear.

Some of Papua New Guinea's most violent conflicts have occurred in areas which have seen a sudden increase in wealth. The Highlands provides several examples, especially the 2002 Southern Highlands elections, but the foremost example remains the Bougainville crisis. Bougainville was the wealthiest, healthiest and best-educated province

in Papua New Guinea before the crisis, largely as a result of the Bougainville copper mine. It was the sudden in-flow of wealth that destabilised society, producing an intergenerational dispute over royalty payments which quickly escalated into a separatist insurgency before degenerating into chaotic internecine fighting.<sup>124</sup> There is little evidence linking conflict to sudden reductions in wealth in Papua New Guinea. Indeed it is arguable that the poverty visited upon Bougainvilleans may have facilitated the restoration of traditional norms which in turn led to the conflict's resolution. Thus it cannot be assumed that a reduction in national wealth would, of itself, prompt an escalation in the levels of violence in Papua New Guinea, although violence around wealth pockets, especially resource projects, is likely.

The influx of modern weapons poses a major challenge to traditional controls on violence. The introduction of guns has transformed 'traditional' Highlands warfare. Set-piece battles have been replaced by para-military tactics and modern weapons have distorted traditional hierarchies, by increasing the power of individual young men.<sup>125</sup> The proliferation of guns in the Highlands since the mid-1980s (they were first used in a Hagen tribal fight in 1986) has increased casualties but not yet to the point where it can be concluded that traditional controls have lost all power.<sup>126</sup> The Bougainville conflict was similarly fuelled by the introduction of small arms which distorted traditional power structures and increased fatalities. Although it has been claimed that the conflict produced up to 20,000 casualties, it seems clear that the overwhelming majority of deaths were the result of a lack of medical supplies during the blockade on the island. The only event referred to as a massacre in the conflict's history was the 1996 Bougainville Revolutionary Army (BRA) attack on the PNGDF base at Kangu Beach which resulted in 12 fatalities.<sup>127</sup> Whether the proliferation of small weapons can be controlled will depend partly upon whether current efforts to deal with the issue yield any fruit. There is some evidence that regional export controls and tighter inventory management by Papua New Guinea's armed services could have some effect, but effective control is likely to depend largely upon the willingness and the ability of local communities to deal with the problem in their own interest.<sup>128</sup>

Internal migration, especially urbanisation, removes people from traditional groupings and puts them alongside strangers with whom they have no traditional relationship. This process has been blamed for the poor law and order in urban areas, especially the growth of so-called *raskol* gangs. It is noteworthy that recent attempts to create systems of (extra-state) 'community justice' in urban settlements have been organised along ethnic lines.<sup>129</sup> Although the continuing deterioration of law and order in urban areas is a major concern, and organised crime is playing a greater role, there is little incentive for any group to raise the level of violence significantly. In some respects the increasing organisation of urban crime constrains the level of violence. And control of the capital would not necessarily yield control of the state (see Chapter 4). A potential flashpoint for ethnic-based urban conflict is, however, the growing tension between squatters and customary landowners. Migration-related disputes fuelled the recent violence in the Solomon Islands, and they are a significant issue in Port Moresby, Lae, Oro, Rabaul and West New Britain. There is little sign of any slowing in 'urban drift', despite government efforts to discourage it.<sup>130</sup>

### Good news

Against this bleak background it is important not to overlook the good news coming out of Papua New Guinea. Papua New Guinea has adopted a number of economic reforms (discussed above) and constitutional reforms (discussed in Chapter 4). The Bougainville crisis appears to have been peacefully resolved and the economy has returned to growth.<sup>131</sup> Papua New Guinea stands to gain from the China-led resources boom.

The 'fragmentation' spawned by the state's weakening has a positive dimension. Papua New Guineans have formed new organisations or revived old ones outside the state's ambit to realise their collective interests in commerce, community development and law and order. In partnership with local communities, mining companies and church groups are playing an increasing role in service delivery. Non-government organisations such as Transparency International have pushed through reforms of the state. A new mechanism created by the

government to bring together government, business and civil society has also initiated some useful reforms.<sup>132</sup> And there are stories of individual commercial success that are frequently overlooked.<sup>133</sup> Bill Standish, not given to undue optimism, has described the increasing strength of the non-government sector as 'one of the most heartening trends in PNG politics'.<sup>134</sup>

This counter-trend is, however, probably the most complex and difficult to analyse in Papua New Guinea today, made more so because so much of the 'good news' is being generated under the radar. Conferences in Madang in 2004 and Sydney in 2005 which attempted to focus more attention on these developments only highlighted how little is known.<sup>135</sup> Despite an apparent mushrooming in non-government organisations (NGOs) it is very difficult to assess the sector's strength. The growing number of NGOs is at least partly a reflection of increased donor interest in the sector (and frustration with the government), but this growth also clearly has an indigenous base. Viewed through the prism of international development theory, this counter-trend has been described as the development of Papua New Guinea's civil society. 'Civil society', in this context, is usually defined as the realm which exists outside the state (and in some versions outside commerce). Most definitions also exclude family. But in Papua New Guinea the distinction between civil society organisations and traditional groupings is not always clear: the 'rise of civil society' could just be another name for what is often referred to as 're-tribalisation'.<sup>136</sup> The churches are the organisations with the broadest appeal in Papua New Guinea and so religion also plays a major role in Papua New Guinea's civil society.<sup>137</sup>

An optimistic reading of the process discussed above that draws upon the Bougainville experience, suggests that

what we are witnessing in Papua New Guinea is in fact part of a long historical process of development of a state appropriate to the circumstances of the country, replacing the largely inherited and little understood colonial state, which is gradually weakening and decaying.<sup>138</sup>

With time, this is no doubt what would take place, but Papua New Guinea's pressing problems demand a more immediate response. The broader problem with analogies that are sometimes drawn between Papua New Guinea's development and the long process by which the first European states were constituted is that, unlike these states, Papua New Guinea is emerging in a globalised world with all the threats and opportunities (such as internationally tested models of statehood) this entails.

It is important to acknowledge and learn from these counter-trends. But on the basis of what is known it is difficult to argue that they are sufficient to counter Papua New Guinea's otherwise negative trajectory.

### Conclusion

Despite the fears of many pessimists, Papua New Guinea did not collapse following independence: the state was not destroyed by civil war and there has been no coup. But the positive momentum developed in its first 10 to 15 years has not been maintained. Increasingly sporadic economic growth has barely kept pace with population growth. And since the mid- to late- 1980s improvements in Papua New Guineans' health and, to a lesser extent, education have slowed and in some cases stalled. The state's capacity to carry out its core functions — maintaining law and order and providing basic services — has deteriorated for the last 15 to 20 years.

Papua New Guinea is one of the world's fragile states. It is by no means the most fragile, but most of the evidence indicates that things are getting worse. If current trends continue Papua New Guineans will become poorer, hungrier and sicker, especially as HIV continues its exponential spread. Pockets of relative affluence — and corresponding violence — will continue around big resource projects, but the number of these projects is also likely to decline because of both declining resources and deteriorating governance. Although a coup is unlikely, Papua New Guinea's democracy is likely to become increasingly illiberal (see Chapter 4), and subject to growing criminal influence. As the state

weakens, public order will decline and more local groups will go their own way, but the prospects of further secessionist conflict or large-scale violence are remote.

Papua New Guineans have responded to the weakening of their state in positive ways. They have undertaken economic and constitutional reforms to strengthen it and, increasingly, they have organised themselves outside the state. These positive developments are insufficient on their own to counter prevailing negative trends, but they should be recognised and built on.

The numerous efforts to try and identify the root cause have illustrated the deceptive simplicity of such an approach: there are many overlapping causes of Papua New Guinea's slow development. That said, common to these causes are problems of governance or, more precisely, problems arising from the complicated relationship between Papua New Guinean society and the state. The remainder of this paper considers what should be done. The next two chapters focus, respectively, on society and state. They examine the problem more closely and consider what is already being done before suggesting some ways forward. Chapter 5 contains an argument for re-forging the link between society and state through a re-worked system of decentralisation. Chapter 6 considers Australia's role.

# Chapter 3

## Re-imagining Papua New Guinea

In an anthropological spirit, then, I propose the following definition of the nation: it is an imagined political community ... imagined because the members of even the smallest nation will never know most of their fellow-members, meet them, or even hear of them, yet in the mind of each lives the image of their communion.<sup>139</sup>

— Benedict Anderson

### Culture matters

The quest for the ingredients of successful development led international donors from building infrastructure to a focus on macro-economic policy. Realising that economic policy could not be isolated from the broader policy environment, donors expanded their focus to include an ever-widening range of governance issues. More recently they have recognised that sustainable improvements to governance depend upon local demand which, in turn, is shaped by civil society. Civil society exerts pressure on government but is also important because it encompasses the essential capacity of communities to get things done without government

involvement. Terms such as ‘social capital’ have been developed to make economic sense of this hazy area.<sup>140</sup> Development thinkers are now tentatively approaching the more nebulous question of culture, of which civil society is really a subset. As Douglass North argues,

we need to have a better understanding of the social norms and informal constraints that are a fundamental source of either good performance or poor performance in developing countries.. This entails gleaning from anthropologists and sociologists what they have come to learn about informal constraints.<sup>141</sup>

Recent work on how best to engage fragile states has placed great weight on the need to understand properly each country’s specific political and cultural characteristics.<sup>142</sup>

The proposition that ‘culture matters’ is hardly novel in Papua New Guinea. Simplistic cultural explanations or excuses for poor development and corruption abound, and can easily provoke cynicism. Even the most doubtful would, though, find it difficult to deny the significance of cultural difference in the case of some of the most recently contacted people in the world. Cultural difference and ethnic identities have proved far more resilient than earlier development theorists, who aimed to ‘turn tribesmen into citizens’, anticipated — not only in Papua New Guinea. The resilience of tribalism in Papua New Guinea is best evidenced by the indigenisation of the electoral system. The founding fathers chose a first-past-the-post system in the hope that simple electoral competition would break down local identities and bring about a two party system. Yet enduring local loyalties have ensured precisely the opposite effect: a proliferation of candidates (see Chapter 4). The importance of culture was underscored by violent opposition to the apparently modest proposal to introduce legislation allowing for the registration of customary land. Accepting that ‘culture matters’ does not necessarily entail adherence to some extreme form of cultural relativism. It does mean, however, accepting the reality of cultural difference and that what works in one society will not necessarily work in another.

### A thousand tribes

The most important point to make about Papua New Guinean culture is that, to a significant extent, there is no such thing. Rather, there are hundreds, possibly thousands of different cultures. The usual barometer is Papua New Guinea’s linguistic diversity. Papua New Guinea is home to over 800 distinct languages, more than any other country and more than 10 per cent of the world total.<sup>143</sup> Unlike other countries with a large number of languages (Indonesia has 742, Nigeria 516 and India 427) Papua New Guinea lacks a widely spoken, or dominant, indigenous language. The point here is not that Papua New Guineans lacks a lingua franca (English and a number of pidgin languages serve this purpose, and many people speak more than one language) but that Papua New Guinea is the most linguistically diverse country in the world, where diversity is ‘measured as the probability that any two people of the country selected at random would have different mother tongues’.<sup>144</sup>

Papua New Guinea’s linguistic diversity only provides an indication of its cultural or ethnic diversity. Language groups are rarely culturally homogenous and can include a number of dialects, tribes and clans that view themselves as quite distinct. The larger Highlands language groups such as Enga and Huli are fragmented along tribal and clan lines. Enga Province is the most linguistically homogenous province (by far) but also one of the most violent. In the case of the Goilala, Hallpike has doubted whether language boundaries are especially significant markers of difference.<sup>145</sup> There are cases of clans spanning more than one language group,<sup>146</sup> and clans may be spread across numerous villages, with one village containing several clans.

Various attempts have been made to classify traditional groupings on the basis of clans, tribes and languages, or even trading cycles and patterns of leadership, but there is no generally accepted taxonomy. Papua New Guinean anthropologist Joe Ketan recently described a nine-level structure in his account of Hagen society.<sup>147</sup> However, other anthropologists have argued that the fluidity of traditional identity will confound any attempt to categorise.<sup>148</sup> Many supposedly ‘traditional’ groups are not as timeless as is sometimes assumed. Filer goes so far as

to argue that ‘Melanesian communities have always been on the verge of disintegration, even in pre-colonial times, and it has always taken special qualities of leadership in each succeeding generation to prevent them from splitting apart at the seams’.<sup>149</sup>

Papua New Guinea’s extreme heterogeneity greatly restricts the validity of any generalisations about its numerous traditional groups. There are, however, a few relatively safe generalisations that can be made. One characteristic that is said to distinguish Melanesia from Polynesia is the rarity of inherited leadership. The term ‘bigman’ has been used in contradistinction to chiefs (or other traditional leaders) to describe leadership which is usually earned rather than inherited.<sup>150</sup> A ‘bigman’ may have gained his status through fighting but typically maintained it through the provision of goods to kin. Melanesia’s many micro-societies are typically bonded by strong personal and kinship ties, including obligations of reciprocity. Traditional links can provide the basis for self-reliance and collective mobilisation. In short, they perform many of the functions nowadays ascribed to ‘civil society’. And on closer inspection, many of Papua New Guinea’s civil society organisations are based on traditional links. As noted earlier, ‘the rise of civil society’ could just be another name for what is often referred to as ‘re-tribalisation’.<sup>151</sup> The problem is that while traditional groups may possess strong internal cohesion (described as ‘bonding social capital’ in the jargon) the relationships between them (‘bridging social capital’) are often poor. The relationship between traditional groups, ‘traditional’ norms and the state is discussed further below.

### Fear and isolation

The relationships between Papua New Guinea’s traditional groups include a long history of communities forming links and even alliances for trade and warfare. Noting that ‘New Guineans have always lived in small social units based on kin and linguistic affiliations, linked by the invisible economy of trade’, Moore goes so far as to argue that ‘[t]rade here functioned as a regulator of society, in much the same way that organised government did in other parts of the world’.<sup>152</sup> The near-

universal custom of exogamy, neatly captured in the aphorism ‘we do not marry those we cannot fight’, has created a degree of interdependence. But for the most part, the relationships between groups tend towards distrust, isolation, competition, and in some parts, violence. Foreigners are often frustrated to find that the second priority for some groups, after self-advancement, is ensuring that their neighbours are worse off. But this beggar-thy-neighbour attitude is not as irrational as it might appear when measured against a long history of grim zero-sum conflict — especially in the Highlands — where any additional power or wealth obtained by ancestral enemies could be a future disadvantage.<sup>153</sup>

Some anthropologists have argued that this cultural tendency towards competition, differentiation and fragmentation runs deep and that it is a *cause* rather than an *effect* of Melanesia’s linguistic diversity, so that in some cases ‘speakers of a language add linguistic innovations that increase the complexity of their language in order to highlight their distinctiveness from neighbouring groups’.<sup>154</sup> The inability of any group to dominate, has reduced the possibility of any one language colonising the others by replacing them or attracting more speakers.<sup>155</sup> Whereas the tide of history has homogenised language elsewhere in the world, in Melanesia it may have, until recently, had the opposite effect.<sup>156</sup> If true, this argument has far reaching implications for state-building.

Benjamin Reilly has studied the implications of Papua New Guinea’s diversity most systematically. He argues that in Papua New Guinea

clans increasingly play the role of interest groups. By seeking to maximise outcomes for their own members, they inevitably and inexorably create a collective action dilemma for the country as a whole. The combined effect of many small ethnic groups acting to secure their own interests undermines the broader interests of society.<sup>157</sup>

Reilly and Phillpot have tested the proposition that ethnic diversity impedes development by comparing Papua New Guinea’s 19 provinces.<sup>158</sup> Their results appear to indicate that the most ethnically diverse provinces are the least developed. They rank each province

according to its level of development and its level of ethnic diversity. The developmental rankings are uncontentious, with the Island provinces coming out on top while the Highland provinces are towards the bottom.<sup>159</sup> But ethnic diversity (a concept whose ‘slipperiness’ they acknowledge) is measured by language groups — except in the Highlands provinces where, as they note, large language groups belie a high level of diversity. For the Highlands provinces, the number of election candidates is taken as an indicator of the number of clans and therefore the level of ethnic diversity. That they do not make a similar accommodation for the provinces with mid-sized language groups on the southern coast of the main island possibly leaves them with an artificially low measurement of ethnic diversity in this region.

Reilly and Phillpot test other explanations for variations in development by comparing provincial development levels to provincial population, the area of each province, and an index of rural disadvantage.<sup>160</sup> They conclude that the

degree of ethnic diversity in the province is a better predictor of the level of provincial development than any of these other ‘environmental’ variables ... the robustness of the ethnicity variable in explaining differences in provincial development represents a challenge to many existing explanations ... which tend to concentrate on other factors such as resource endowment, geography, and history.<sup>161</sup>

However, they do not directly deal with the familiar argument that different levels of development reflect different historical experiences. The better performance of the island provinces is commonly attributed to a longer period of outside contact. The recently contacted Highland provinces tend to be less developed, but four coastal provinces are also included in the bottom nine: Morobe, Madang, Sandanun and East Sepik. These four provinces compose a region, now known by the acronym MOMASE, formerly part of German New Guinea. This suggests that their poor development could be attributable to their

similar mountainous and swampy geography and common history rather than their numerous language groups.<sup>162</sup>

Although Reilly and Phillpot may not have conclusively demonstrated a negative relationship between ethnicity and development in Papua New Guinea, their broader argument about the fundamental challenge posed by reconciling the interests of thousands of small societies rings true and deserves greater attention.

### Nation-building

Some form of nation-building — as distinct from state-building — is the remedy usually prescribed for Papua New Guinea’s cultural fragmentation. In the 1950s Paul Hasluck (quoted at the beginning of this paper) spoke of the need to create a ‘new society’ in Papua New Guinea. More recently, in arguing that ‘the absence of a sense of nationhood is the foundation of many of Papua New Guinea’s problems’, White and Wainwright have urged a big push to build Papua New Guinean nationalism through programs such as a subsidised national soap opera and a national Rugby League team.<sup>163</sup> Although improving social cohesion is clearly an important goal, it is far from clear that a major program of top-down nation building is either necessary or realistic in Papua New Guinea. Such a project would be extremely ambitious — especially given everything that has been learnt about the resilience of ethnicity, not only in Papua New Guinea — and could produce unexpected results. Fragile and self-doubting nationalisms frequently take the easier route towards obstructionism and even xenophobia.<sup>164</sup> A positive dimension of Papua New Guinea’s weak nationalism is scepticism about nationalist rhetoric. But the undercurrent of resentment towards ethnic Chinese could be inflamed by precipitate nationalism.

For many Papua New Guineans the notion that their traditional loyalties are fundamental to the country’s problems contradicts reality. As the state has broken down, many have come to depend ever more upon their traditional groupings, not just for material support, but also for the maintenance of law and order.<sup>165</sup> In this respect it can be argued



that the weakness of the state is a cause rather than an effect of the nation's weakness — a better-functioning state could attract stronger loyalty. Positive cultural change in Papua New Guinea is far more likely to take place as a result of local developments than through top-down social engineering. Local cultures — more than manufactured national ones — can provide a prism which allows people to make sense of, and adapt to, change in ways which are not always possible for outsiders to anticipate or understand. The rapid changes in Papua New Guinea in the lead-up to independence led to a proliferation of local syncretic movements which combined the old and the new in innovative ways.<sup>166</sup> It is possible that the current 're-tribalisation' — which is largely a reaction to the state's failings — could develop in similar ways. A well thought through system of political decentralisation could facilitate and link these positive local developments (see Chapter 5).

The recurring emphasis on the weakness of the nation of Papua New Guinea overstates the positive benefits of national homogeneity and the negative effects of competition. Competition between Papua New Guinea's numerous ethnic groups has not been entirely negative — it has ensured a degree of pluralism and thereby underwritten the survival of Papua New Guinea's democracy.<sup>167</sup> The problem is not competition itself but the way in which it is channelled. The prosperity of the world's wealthier countries is attributable to the success of their political and economic systems in channelling self-interest, at least as much as national coherence. And the neat coincidence of state and nation is an increasingly rare phenomenon. Switzerland, Belgium, and Canada all provide examples of developed states containing more than one 'nation', as do the numerous industrialised states with large immigrant populations.

Whereas Australia's economic system provides incentives for individuals to strive for material advancements in the private sector, in Papua New Guinea having access to state resources is often the easiest road to advancement. Australia's political system refines the decisions of millions of voters, in which self-interest plays some role, into a broader national interest. Achieving this goal in young and uniquely diverse Papua New Guinea probably requires a longer process and a

more complex and layered system, but there is no *a priori* reason why one cannot be constructed. Developing a political system that can better accommodate Papua New Guinea's extraordinary heterogeneity will be difficult but probably easier than attempting to manufacture a nation.

### **Bigmen, *wantoks*, cargo and civil society**

Papua New Guinea's short history has been shaped by the local economies of competition and reciprocity which long pre-date the state. Terms like 'bigman' and 'wantok' are frequently used to describe the systems of patronage and informal networks which are often more influential than formal institutions and rules. These are far from unique to Papua New Guinea. For example, the chapter on 'Culture' in the recent report of the Commission for Africa notes the continuing significance of

strong kinship ties, rules on custom, and agreed principles including mutual accountability between elders and non-elders. The 'big man' culture in which powerful individuals are expected to offer patronage to other members of the clan is significant here.<sup>168</sup>

In Papua New Guinea the term 'bigman' is now used to describe businessmen, or more commonly, politicians (and often both) who maintain their leadership by delivering patronage and resources to their constituents. The term *wantok* (pidgin for 'one talk') literally refers to those from the same language group but its use (often by someone asking a favour) has less to do with language and more to do with links. Modern *wantok* networks — especially in urban areas — can be based on language, geography, kinship or simple personal connections, and can embrace people from different parts of the country. The term *wantok* captures something of the continuing strength of traditional and regional loyalties in Papua New Guinea. Even the best-intentioned public servants and politicians can find it difficult to resist pressure brought to bear from *wantoks* from their village, clan or tribe.

Ron May distinguishes a civil public realm and a ‘primordial public realm, governed by “primordial groupings, ties and sentiments”’. He argues that although most members of the Papua New Guinean elite belong to both:

their relationship to the primordial public is moral, while that to the civil realm is amoral ... [the] transfer of resources from the civic to the primordial realm is, with some exceptions, regarded as corruption only by those who are not beneficiaries.<sup>169</sup>

There are two sides to *wantok* relationships. Although they can provide a social safety net, they can act as an obstacle to impartial administration and a disincentive to the accumulation of private wealth. Successful individuals are frequently besieged with demands from *wantoks*.<sup>170</sup>

The extent to which these informal systems draw on pre-colonial traditions and norms varies greatly. The *wantok* concept is of decreasing significance in describing relationships further up the political and bureaucratic hierarchy, where *wantok* networks are often hard to distinguish from the cliques operating in many other states. And there are numerous recent examples, mostly relating to the theft of natural resource royalties, of those whose relationship to both the primordial and civil realms appears amoral.<sup>171</sup>

The distinction between the ‘traditional’ and the ‘modern’ is often hard to find. Many traditions are breaking down. The relatively recent arrival of imports ranging from cash and guns to HIV has placed Papua New Guinea’s numerous ‘traditional’ cultures under a great deal of stress. A positive interpretation of this cultural flux is that it is leading to ‘the emergence of new groupings and identities beyond traditional local ones. They include a slowly developing sense of national identity’.<sup>172</sup> The more promising developments in civil society include the formation of links that span traditional groupings, but the evidence of these new positive links is scant while there is abundant evidence that most Papua New Guineans’ loyalties are still overwhelmingly local. The difficult and blurry interface between the

traditional and the modern is at the heart of many of Papua New Guinea’s problems.

The resources that a modern bigman (almost always a member of parliament) delivers to his (also almost invariably the case) *wantoks* (constituents) are often referred to as cargo. The term ‘cargo culture’, derived from millenarian cargo cults, is frequently used in Papua New Guinea to denote the culture of dependency that has emerged as a result of Papua New Guinea’s experience of ‘development as something that is delivered from outside’.<sup>173</sup> Emerging as a result of Papua New Guinea’s history, elements of cargo culture are manifest across the country. Cargo culture is fundamental to the dominant Papua New Guinean view of the state: not as something which they collectively own, but as a source of resources. This explains the seeming absence of any notion of opportunity cost when it comes to state resources. A pernicious dimension of this problem is the proliferation of demands for state compensation, usually in return for the use of the customary land, even where the land in question is being used to benefit the customary landowners.<sup>174</sup>

### Changing the state

One reason cultural issues have received little attention is that it is so difficult to work out what to do about them, but leaving culture in the too-hard basket is no longer an option. Generally speaking, two approaches have been advocated. The first is to attempt to change Papua New Guinea’s culture so that it better accords with the needs of modern statehood. Calls for ‘better values’ have become a staple of religiously influenced national discourse since independence, although how this can be achieved is rarely specified. Looking back over 25 years of statehood Ron May argues that

what is needed ... is less institutional reform than a fundamental shift in patterns of political behaviour [although he notes that] if Papua New Guinea can achieve this, it will have done what few other post-colonial states have managed to accomplish.<sup>175</sup>

Foreign donors have sponsored courses designed to educate parliamentarians in the hope that this will improve their behaviour.<sup>176</sup> Nation-building is another version of this approach.

The second, more realistic approach is to try to modify the state to take better account of culture. It is often asserted that Papua New Guinea's problems derive from the incompatibility of local culture and an imposed and alien Westminster system.<sup>177</sup> It has even been argued that the problem lies in the incompatibility of democracy and traditional chiefly authority. In fact, it was the indigenous Constitutional Planning Committee (CPC) which, after lengthy deliberations, opted for a version of the Westminster system. It did so not just because it was familiar, but because it had proved reasonably reliable in large parts of the world, including developing countries. Claims that the strangeness of the Westminster system is the problem overlook the numerous ways in which it has been indigenised in Papua New Guinea both as a result of the CPC's innovations and through local practice. Although there was nothing inherently misguided about the adoption of the Westminster system, in retrospect the CPC does appear to have under-estimated the resilience of local or ethnic loyalties and over-estimated Papua New Guinea's ability to leap-frog into modern statehood.

Taking better account of cultural realities does *not* require the construction of a political system which looks and feels 'traditional'. Rather, Papua New Guinea's political system should seek to channel cultural realities in the most productive way. As de Renzio and Kavanamur put it, the challenge is 'that of promoting the positive aspects of the *wantok* system ... while at the same time dealing with negative consequences'.<sup>178</sup> Channelling culturally-based competition productively is part of the rationale underlying Papua New Guinea's recent and apparently successful reversion to the unusual Australian system of preferential voting. As we will see in Chapter 4, the success of this reform has nothing to do with the colonial legacy and everything to do with Papua New Guinean culture.

Papua New Guinea's political system should channel the pursuit of self-interest by individuals and groups in a way which best benefits the

collective. This seemingly axiomatic point is necessary to make because of the frequency with which the pursuit of self — or parochial interest — as opposed to the national interest — is posited as a source of Papua New Guinea's problems. The problem is not the pursuit of these interests *per se* but the absence of a political system which can channel, process, and refine this pursuit for the common good or national interest.

Where possible, Papua New Guinea's political system should address known cultural problems directly, rather than hoping to obviate them through the application of neutral criteria. For example, Papua New Guinea's public servants are unrealistically expected to behave objectively when placed under often overwhelming pressure by their *wantoks*. A rule of thumb which barred public officials from deciding on matters relating to *wantoks* would ease the job of even the most objective public officials.<sup>179</sup> The main problem would be the slippery definition of the term *wantok*. But even a crude definition — for example one based on language group or region — could be better than the current unrealistic presumption of objectivity. Defining Papua New Guineans according to their ethnicity rather than as equal citizens, is a step back from the ideals of liberal democracy, but it may be the best way to keep going forwards in the long run (see Chapter 4).

There is a limit to the extent that Papua New Guinea can directly deal with its cultural problems. To ensure that it is effective, the political system must remain grounded in political and cultural reality. Much of the real power in Papua New Guinea resides in traditional groupings rather than the constructed state, and the ineffectiveness of the state is partly attributable to its failure to reflect this reality. A useful parallel can be drawn with international relations. Although bodies such as the United Nations seek to regulate international power, to do so effectively they must also reflect the real distribution of international power. Maintaining a balance between the two is the key to their legitimacy.

### Re-imagining Papua New Guinea

While states can be built, nations are — as Benedict Anderson reminds us — imagined. The best and perhaps the only way to begin re-imagining

Papua New Guinea and re-building the state is through a new and serious round of national consultations. Ideally these would provide a forum for Papua New Guineans to draw on their collective experience of the last 30 years and to think harder about their collective future.

This process would be necessarily time-consuming and there would be a risk that nothing would be achieved. Unless it were undertaken in good faith it could be a waste of resources, but given the pressing need for national reappraisal, this is a justifiable risk. The drawn-out, but ultimately successful Bougainville peace process stands as an important reminder of the need for patience.

Extensive consultations were undertaken by the CPC in the lead-up to independence. These included 500 discussion groups (of about 20 people each), the circulation of six discussion papers, visits to every subdistrict, and meetings attended by an estimated 60,000 people.<sup>180</sup> Despite this valiant effort, it is far from clear that the CPC was able to capture the popular will.<sup>181</sup> It was probably impossible to do so as the population was much less educated than it is now, and lacked the comparative experience needed to describe the type of government it wanted. Contemplative discussion was crowded out by irreconcilable divisions on the timing of independence. While the CPC had the wisdom to provide for a review of the constitution, the 1978 to 1983 review was a largely superficial exercise. It generated little interest and its recommendations were never implemented.<sup>182</sup>

A new series of consultations would allow the population to return to fundamental questions about their political system with the benefit of greater education and 30 years experience of what works and what does not. At the very least, these consultations should provide useful insights into what Papua New Guineans think. Public opinion in Papua New Guinea is obscure. The political process provides little insight and there is no soundly based public opinion polling. National consultations on particular issues are not infrequent, but are often little more than superficial box-ticking exercises.<sup>183</sup> As a result of this lack of understanding of public opinion, major reforms such as the proposal to register customary land can be suddenly derailed by a surprising outburst of public

disquiet and public opinion on major issues such as the Enhanced Cooperation Program remains a mystery.

This process could nudge public discourse out of its current rut. Public discussion — as carried out in the opinion and letters pages of the national newspapers — includes a large amount of hand-wringing. Suggestions for change are often simplistic or little more than calls for better values. Reflection is rare. As Morgan notes,

On the one hand Melanesians deride national politicians for their profligacy, opportunism, corrupt practices, incompetence and inefficiency. On the other, they simultaneously take part in the activities that characterise state malfunctioning in Melanesia.<sup>184</sup>

By encouraging more in-depth discussion, national consultations could also tighten the loosening bonds between state and society.

With the state's legitimacy at low ebb some would be apprehensive about the consequences of re-opening fundamental questions. Consultations could give voice to parochialism and accelerate the current centrifugal dynamic, especially in the aftermath of the Bougainville settlement. But as argued in Chapter 2, concern that Bougainville could open the floodgates to further separatism is probably misplaced. Perhaps the best response to demands for special autonomy being made by some other provinces is to offer all Papua New Guineans the opportunity to express their views in a national consultative process like that undertaken in Bougainville.<sup>185</sup> It is far from certain that other Papua New Guineans would make the same demands, especially if the process encouraged serious thinking. There is no other group in Papua New Guinea with the identity, territory and resources, to go it alone. Rather, Papua New Guinea's hundreds of language groups and tribes are fundamentally linked by webs of interdependence. But there is little political space available in Papua New Guinea for reflection on this fact. Most political bargaining consists of parochial demands resisted by the increasingly weak centre. National dialogue could shift the onus away from the weakening centre and compel harder thought in the

regions about Papua New Guineans' collective interest in keeping their sinking ship of state afloat, rather than just competing for its spoils. National consultations are likely to produce calls for new forms of decentralisation, but, as argued in Chapter 5, this would not necessarily be a bad thing.

The first loyalty of most Papua New Guineans is to their village, clan and tribe. Nevertheless, national consultations might encourage greater and more pragmatic reflection on the appropriate role for outsiders, including foreigners, in local communities. Most Papua New Guineans have had comparatively little, and only very recent, contact with people outside their community, let alone their country. Outsiders are frequently viewed as either threats or, in the case of foreigners, sources of cargo. Papua New Guinea's founding fathers, were preoccupied with the role of foreigners and foreign capital in particular, but their attitude, verging on the 'virulent', had 'had little resonance in the country'.<sup>186</sup> Something of this attitude subsists among the current elite, for example in recent moves to restrict the access of foreign lawyers, but it has done little to slow the growing influence of foreign criminals.<sup>187</sup>

There is some evidence of a new discourse on the role of outsiders emerging. This could also be developed through a national consultative process. The particular advantage of outsiders lies precisely in their lack of local contacts, and the fact that they are not part of local *wantok* economies. Some forward-thinking communities have placed their collective finances in the hands of trusted outsiders on the basis that outsiders can better resist demands from particular segments of the community. The importance of outsiders is occasionally given unspoken recognition in public administration in Papua New Guinea as officials are chosen for particular jobs, especially in the provinces, because of their lack of local connections and presumed greater impartiality. Police deployments, especially the use of mobile squads, are often guided by a similar rationale and there is some evidence that this logic has led to the election of 'outsiders'.<sup>188</sup> The need for outsiders is one aspect of the fundamental interdependence of Papua New Guinea's many communities.

The popularity of the ECP among some segments of the population indicates that, as anti-colonial rhetoric fades, there may be a greater receptiveness to foreigners, in particular Australians. In calling for an ECP deployment to the Southern Highlands, Kevin Pamba even went so far as to argue that

one mundane and perhaps superficial reality ... about the ordinary people of the Southern Highlands Province is this: They don't trust people with the same Melanesian skin colour as themselves because of the lies and destruction wrought upon them and their province.<sup>189</sup>

It should be noted that this need for outsiders is not unique to Papua New Guinea. It was no coincidence that the New South Wales government appointed a British police commissioner when it was faced with the task of cleaning up widespread police corruption in the 1990s.

## Conclusion

Resilient traditional norms may provide social regulation, welfare, and a basis for collective mobilisation, but they have not always equipped Papua New Guineans well to meet the challenges of modernity, and must adapt to do so. The relationships between traditional groups are frequently suspicious, competitive, and even hostile. Significantly, some anthropologists contend that this centrifugal dynamic has deep, pre-colonial, roots. However, the sheer number of traditional groups ensures that no one group can ever dominate the rest. This reality has underscored the survival of Papua New Guinea's democracy. Attempting to forge these groups into a cohesive nation through a program of social engineering is unrealistic and very likely unnecessary.

A more realistic approach is to build on the positive dimensions of traditional groups — internal cohesion and pluralism — while dealing more directly with the negatives — nepotism and fragmentation. This approach would focus on building links between groups from the ground up while simultaneously channelling self-interested competition

in the most productive way. Positive cultural change is most likely to take place on the local level, and Papua New Guinea's institutions could facilitate this change through a new form of decentralisation. The main attraction of decentralisation would be more locally relevant government, but, reflecting Papua New Guinea's interdependence, outsiders could play important roles precisely because they have no local connections. Discussion of the best system of government for Papua New Guinea is best brought forward through a national consultative process of drawing on the last 30 years experience and tightening the loosening bond between society and state. This process should include an assessment of Papua New Guinea's political system and experiences of reform thus far. This is considered in the next chapter.

## Chapter 4

### Changing the System

#### Good Government

There is surprisingly little policy disagreement in Papua New Guinea. Early expectations that ideological differences would develop have never been realised. The growing international consensus about the basic principles of sound economic management has reduced the likelihood of them emerging. Little disagreement has been expressed, for example, about the current government's medium term development strategy (MTDS). There is general agreement that the government should provide a better enabling environment for the private sector by, among other things, spending more on infrastructure and law and order, and removing regulatory red tape. There is a similar, albeit only in-principle, consensus that the government should spend less on public sector salaries — especially those going to so-called ghost workers.<sup>190</sup> There are some exceptions to this consensus. On the many truly complex issues facing Papua New Guinea, such as land reform, there is no agreement beyond a feeling that 'something must be done', but such contentious issues are highly unlikely to form the basis for political division. Privatisation

was a hotly contested issue during the 2002 elections, and given the Morauta Government's punishing loss it seems unlikely that any realistic candidates would again campaign for privatisation in the absence of consensus support.<sup>191</sup>

Papua New Guinea's apparent consensus has not translated into good government. The over-riding preoccupation of all governments since shortly after independence has been survival, avoiding the perennial threat of a no-confidence motion. Parliamentarians are increasingly ready to switch sides if their demands for resources are not met. As a result, little energy has been devoted to developing policy or overseeing its implementation.<sup>192</sup> Considerable attention has been given to questions of resource allocation. Buying votes is the key to survival. Thus while there might be little disagreement on what constitutes good policy, it has proven difficult to ensure that policies are properly funded, even in cases where policy initiatives have been developed. As the current government's 'strategy document' acknowledges: 'The strategic prioritisation of scarce budgetary resources lies at the heart of the Medium Term Development Strategy.'<sup>193</sup>

## Democracy

Solving Papua New Guinea's problems is not just a matter of finding the right policies: it requires developing a political system in which there are incentives for political leaders to develop policy, make better decisions and, most importantly, ensure their implementation. Implementation is the point at which Papua New Guinea's governments most often fall down. Improving implementation is not just a matter of strengthening the technical skills of the public service. It depends, ultimately, upon the elected government. In theory, the discipline of regular elections should compel governments to develop better policy, make better decisions and implement them. The main reason this has not occurred is that few voters demand these things from their elected representatives. Instead they usually demand 'development', that is, roads, bridges, schools, hospitals, or cash. To the extent that parliamentarians deliver these resources, it is usually only to the small subset of their electorate to

whom they owe their position. Until recently it was not uncommon for parliamentarians to be elected on less than 20 per cent of the popular vote (see below). The lack of demand for good governance is the product of limited popular understanding of the concept, a limitation which has its roots in poor education, lack of information, and government opacity. Finally, elections — the main mechanism by which representatives should be held accountable — do not always work as they should in Papua New Guinea. The common roll is highly inaccurate and electoral fraud is common. Electoral victory can have more to do with a candidate's financial and, sometimes, paramilitary power than local popularity.<sup>194</sup>

It is possible to argue that rather than producing better decisions, democracy in Papua New Guinea produces worse ones. Insofar as they respond to the popular will, governments are compelled to meet short-term local demands from the fraction of the population they represent rather than making the difficult long-term decisions that will benefit the whole country, while the electorate is insufficiently educated to demand better governance. The dispute about whether democracy is the best system for poor countries has a long history. Although most of the research and argument is focused on democratisation and is therefore less relevant to Papua New Guinea's uninterrupted democracy, most of the issues are the same.<sup>195</sup> Fareed Zakaria argues that many of the new democracies fail because they lack liberal values and institutions. Provocatively, he argues against the assumption that what he terms 'illiberal democracy' can be viewed as a stage on the road to liberal democracy, claiming that 'in general, outside Europe, illiberal democracy has not proved to be an effective path to liberal democracy.'<sup>196</sup> Recent research has found that democratisation is not necessarily inimical to poor countries' economic growth, but that it can be in the case of resource-rich countries. In the absence of strong checks and balances, in 'countries where natural-resource profits come to a fifth of GDP, the switch from autocracy to electoral competition lowers the annual growth rate by a hefty 2.1 percentage points'.<sup>197</sup>

David Lea argues that democracy has impeded good economic policy in Papua New Guinea and laments that, because of democracy, it is probably now too late to implement land reform. He argues that 'given

the pressing need for viable economic policies, it may be necessary to limit democracy rather than rely on electoral reform.<sup>198</sup> The concept of reducing government involvement in economic decision making was the basis of legislative reforms of the 1999–2002 Morauta Government which enshrined the independence of the central bank (an institution shielded from government in many developed democracies) and removed government involvement from management of the national superannuation scheme.<sup>199</sup> The argument that too much democracy is the problem has been music to the ears of some politicians, who have claimed that leadership in Papua New Guinea was ‘traditionally’ undemocratic (that is, chiefly), and looked longingly at the more autocratic regimes in Southeast Asia, at least until the 1997–1998 financial crisis there.<sup>200</sup>

The arguments against democracy in Papua New Guinea are, however, somewhat academic. After 30 years the idea, at least, of democracy is well-established in Papua New Guinea.<sup>201</sup> Papua New Guinea’s democratic credentials are also fundamental to its international and domestic legitimacy, and will only become more important with the growing international emphasis on democracy. A clearly undemocratic Papua New Guinea would have greater difficulty in attracting international aid, and potentially investment. Most investors’ primary concerns are about stability but it is doubtful that an undemocratic Papua New Guinea could deliver even that. The government’s domestic legitimacy, and hence authority, also rests on its democratic credentials. An unelected government would exert little authority beyond Port Moresby.

Democracy may have produced some bad decisions, and slowed government action, but it has also prevented Papua New Guinea from adopting any of the ‘grand plans’ that have proved disastrous in so many young states and former colonies. Democracy also remains the best hope for bridging the gaps between Papua New Guinea’s numerous ethnic groups and between society and the state. Although there is a case for limiting government involvement in some areas of economic policy, this approach has only a limited application. Rather than limiting democracy, the goal of most institutional reform should be to extend it. The real question is what form the democracy should take.

Viable democracies require an appropriate balance between accountability and stability. Recent reforms in Papua New Guinea have aimed to improve both, without always acknowledging the tension between the two. The Organic Law on the Integrity of Political Parties and Candidates (the Integrity Law) aims to stabilise government by manufacturing political parties.<sup>202</sup> The Organic Law on Provincial and Local-Level elections aims to make candidates more representative of, and thus more accountable to, a larger portion of their electorates by introducing limited preferential voting.<sup>203</sup>

### Stability

Good government requires a degree of political stability. This allows government to devote energy to formulating and overseeing longer-term policy, rather than just day-to-day survival. No Papua New Guinean government since independence has yet lasted a full five-year term. So far, all have changed mid-term as the result of either the passage of a motion of no confidence or, in more recent years, the threat of one.<sup>204</sup> It is the omnipresent spectre of a no-confidence vote, rather than changes in the government, which causes this instability. An inordinate amount of government time and resources is spent in fending off these votes. It is an effort usually doomed because the government’s finite resources cannot match the boundless promises of the opposition. Not only does this intense focus on what Tony Siaguru termed the ‘great game’ distract the government’s attention from governing, it distracts the opposition from holding the government to account.<sup>205</sup> It can, for example, reduce opposition presence in parliament.

Governments are, however, effectively immune from no-confidence votes in their first eighteen months and in their final year of office. The constitution bars no-confidence motions during the first eighteen months, known as the ‘grace period’, while a no-confidence motion passed during the final year of parliament leads to the dissolution of parliament and fresh elections.<sup>206</sup> A straightforward way to increase stability would be to extend the grace period, as parliament did in 1991



by amending the constitution to lengthen the grace period from six to eighteen months. A proposal to extend this further to thirty-six months was rejected by the current (2002) parliament. This is, however, an extremely blunt mechanism which stabilises government only by drastically reducing its accountability.

A more supple mechanism might provide that passage of a no-confidence motion would lead to the dissolution of parliament and fresh elections.<sup>207</sup> The prospect of facing the voters would make parliamentarians extremely cautious about voting to remove the government, especially given incumbents' very low electoral success rate (turnover of more than 70 per cent is not uncommon in recent elections). In fact, parliamentarians would be so wary of no-confidence votes that such an amendment would effectively provide outright immunity.<sup>208</sup> An improvement in incumbents' electoral prospects, desirable in itself, could make this mechanism more flexible, but more elections, inevitably complicated and expensive affairs in Papua New Guinea, would not provide the sought-after stability.

A better balance between stability and accountability could be produced by separating the legislature and the executive, for example, by directly electing a prime minister or president. The CPC contemplated a presidential system but opted against it because it saw a parliamentary executive as more participatory and accountable. However, four of Papua New Guinea's provinces had a separately elected executive before provincial government was effectively abolished, and the newly autonomous Bougainville has opted for a directly elected president.<sup>209</sup> Some argue that a presidential system could provide Papua New Guinea with its long sought-after stability. Ideally, this system would provide a better balance between stability and accountability, replacing the current split of half-a-term's complete immunity and half-a-term's precarious vulnerability with ongoing, but less crippling, checks and balances. It is usually assumed that this reform would increase stability at the cost of accountability. However, removing the executive from the legislature could also improve accountability simply by eliminating the alluring possibility — ever-present under the current system — of legislators joining the executive (see below).

The most common objection to a presidential-type system is that it would be too dangerous to so concentrate power in a nation as diverse as Papua New Guinea. One novel possibility would be to elect a larger executive of say, 20, who would have to negotiate the allocation of portfolios among themselves. The lack of an international precedent for such a system should give caution, but Papua New Guinea's governance problems demand original solutions. The converse, and arguably more likely problem, however, is that a detached executive could find it even more difficult to govern. Free of the obligation to demonstrate its legitimacy in the parliament, a small executive may suffer from even weaker popular legitimacy. Breaking the symbiotic relationship between the legislature and the executive could also produce a more obstructionist legislature. Something like this occurred when Israel began directly electing its prime minister in 1996 in a bid to increase stability. The new system produced a less manageable and more fragmented legislature and Israel reverted to a parliamentary executive in 2001.<sup>210</sup>

### Political parties

The Integrity Law seeks to improve stability by strengthening Papua New Guinea's party system. In most democracies political parties stabilise the political process by organising and consolidating diverse interests at the sub-parliamentary level. But Papua New Guinea's party system has declined since independence to the point where the concept of political parties is almost meaningless. The over-riding priority of most parliamentarians is their relationship with their immediate supporters rather than any broader polity. Membership of a political party offers little to aspiring candidates and an increasing number have run as independents or, in some cases, with the endorsement of more than one party. After being elected, endorsed candidates have shown little loyalty to their parties.

In essence, the Integrity Law seeks to manufacture stable political parties. The law provides financial incentives for parliamentarians to form political parties.<sup>211</sup> They are obliged to vote with their parties on major issues such as confidence in the government, appointment of the

prime minister, the national budget and constitutional amendment, and cannot change parties without showing good cause.<sup>212</sup> This provision effectively cuts across parliamentarians' accountability to their electorates. The law regulates political parties, providing that they must incorporate, register, and maintain democratic procedures, and adhere to transparent financial processes. More ambitiously, it tries to encourage the formation of broader-based political parties.<sup>213</sup> The Integrity Law is thus very much a top-down attempt to legislate into being entities whose existence is a matter of convention in other Westminster democracies. This continues the tradition of the CPC. To compensate for the lack of established conventions in Papua New Guinea, the CPC went to some lengths to spell out conventions that are left unwritten in other constitutions, leaving Papua New Guinea with one of the longest constitutions in the world.<sup>214</sup>

It is reasonable to expect that such an ambitious reform would take some time to have an effect and that we should be correspondingly hesitant to draw any conclusions.<sup>215</sup> Nevertheless the Integrity Law has already been hailed a success.<sup>216</sup> The 2002 elections saw a reduction in the number of independent candidates to 17 as compared to 36 in 1997. Although the number of political parties increased (to 43 as compared to 20 in 1997), this was likely due to the reduction in independents, and the number of parties had shrunk to 15 by June 2004 as a result of parties merging. Significantly, it appears likely that the 2002 Somare Government will run its full term — the first to do so since the 1972 Somare Government (elected before independence).<sup>217</sup>

Is this longevity attributable to the Integrity Law? Or were the increasingly illiberal politics of bribery and coercion more influential on the sixth post-independence parliament? Like its predecessors, the 2002 parliament was dominated by speculation about the possibility of a no confidence motion. In the prelude to attempted no-confidence motions the opposition locked up its members in various Port Moresby hotels and they were thus absent from parliament for extended periods. At one point opposition members were herded into parliament by armed guards.<sup>218</sup> It has been alleged that the government countered with similarly nefarious tactics but there is little concrete evidence.<sup>219</sup>

The government used a variety of technical manoeuvres to avoid the no-confidence motions, including the now common practice of adjourning parliament for extended periods at short notice. Between 1 January 2004 and 15 February 2005, parliament was adjourned three times for a total of nine and a half month's and in the first six months of 2005 sat for approximately 30 days.<sup>220</sup> In March 2005 the Ombudsman Commission charged that parliament had failed to sit for the minimum period provided in the constitution (63 days for each parliamentary year) but later withdrew the complaint after parliament sat for supplementary days.<sup>221</sup>

Increasing government manipulation of technicalities has been accompanied — and facilitated — by a decline in the impartiality of the office of the speaker. The current speaker, Jeffrey Nape, has made highly questionable rulings. For example, he has ruled questions out of order — including future questions — on the peculiar basis that they refer to people not present in the parliament.<sup>222</sup> In the absence of subsidiary regulations, the speaker was also responsible for the implementation of the Integrity Law and this was only loosely enforced. Since 2002, political parties have split into factions, each claiming to represent the party as a whole and four parties have split between government and opposition factions.<sup>223</sup> One parliamentarian escaped the law's ambit by having himself expelled from his party.<sup>224</sup> The Integrity Law has thus displaced political tension from parliament onto political parties, and new intra-party disputes have produced more litigation. There is little evidence that the speaker has compelled parliamentarians to vote, as the Integrity Law provides, along party lines on major issues. Members of the same party voted on both sides of the motion to amend the constitution to extend the grace period. And the speaker passed the 2004 budget on voices, in an apparent effort to avoid determining compliance with the Integrity Law.

It could be argued that the Integrity Law has helped stabilise government by regularising the political bargaining process and reducing the number of individual actors with which the government must deal. A more plausible explanation is that it has done so by adding to the armoury of technicalities which the

sitting government can manipulate in its favour. The enactment of appropriate regulations and standing orders might curtail the speaker's discretion, but there is little incentive for any government to enact them. Nor is there much incentive to fund the secretariat which is supposed to manage the law.<sup>225</sup> The Integrity Law highlights the limitations of this technical, top-down approach to political reform. The law that was designed to counter increasingly illiberal politics has inevitably become enmeshed in it. The process of turning a convention into legislation — hardening one component of a flexible system — inevitably increases pressure elsewhere. It is possibly no coincidence that the law's introduction has also seen the further erosion of the fundamental but fragile convention of the speaker's neutrality.<sup>226</sup> Nevertheless the Integrity Law has increased government stability, and if that is regarded as an end in itself, then it must be measured a success. This improvement, though, has come at the cost of accountability.<sup>227</sup>

### **Accountability**

Accountability is particularly important in resource-rich democracies like Papua New Guinea to ensure the proper management of funds to which the government has relatively easy access (see Chapter 2). Yet, governments can be hamstrung by excessive accountability or the abuse of mechanisms designed to ensure accountability. Governments can be held accountable through the political process or by independent institutions such as the judiciary or, as in Papua New Guinea, an ombudsman.

### ***Technical measures***

Notwithstanding their idealism, the CPC correctly anticipated that the democratic process alone would not suffice to hold their leaders accountable. As Ghai notes,

[t]he CPC had an enormous faith in the indigenous political process. Fortunately it was not completely mesmerized by

its own, typically South Pacific rhetoric or mystification. If it trusted the political process, it did not necessarily trust politicians ... the Papua New Guinea Constitution thus included an unusual number of safeguards.<sup>228</sup>

These include a number of independent commissions, most notably an Ombudsman Commission that is, at least on paper, one of the strongest such bodies in the world.<sup>229</sup>

The constitution confers broad-ranging powers on the Ombudsman Commission to investigate 'cases where the conduct is or may be wrong'.<sup>230</sup> Nevertheless, the commission was relatively inactive in its first two decades. In the 22 years from 1975 to 1997, 37 leaders were referred for prosecutions. In the six years from 1999 to 2004, 34 leaders were referred for prosecutions.<sup>231</sup> The recent burst of activity appears attributable largely to the current chief ombudsman's personal drive and an Australian-funded aid project.<sup>232</sup> Although the Ombudsman Commission is frequently cited as a recent success story, these claims need to be qualified by recognition of the limitations placed on the commission's work by the broader institutional and political environment. The prosecution of leadership cases can result in fines and dismissals (and have done so), but not imprisonment.

The mixed history of the Ombudsman Commission, not to mention the other commissions envisaged by the constitution, is a reminder of the limitations of the founding fathers' technical approach. The ability of 'independent institutions' to ensure accountability will always be circumscribed by the political process. 'Independent' bodies have been hamstrung through lack of funding, and rules have been ignored or creatively manipulated by resourceful politicians.

### ***Parliament***

Political competition is a more efficient means for holding government accountable than technical mechanisms. The function of the political system is to channel this competition productively. In most liberal democracies, diverse interests band together in political parties

which, in turn, coalesce into either government or the opposition. The opposition's interest in replacing the government drives it to hold the executive accountable. Papua New Guinea's parliament is dominated by the executive, despite the CPC's best efforts to put in place constitutional provisions which would prevent this.<sup>233</sup> The great exception to this dominance is the perennial threat of a motion of no confidence. But opposition energy devoted to unseating the government concentrates on offering inducements rather than unearthing the government's shortcomings. As noted above, this opposition building often takes place outside parliament, thereby reducing the utility of parliament as a mechanism for scrutinising the executive. If they are unable to unseat the government, many members of opposition would be happy to join it, and often focus their energy on doing so rather than the plodding work of opposition. This has produced the peculiar Melanesian phenomenon of 'middle benches': strategically unaligned parliamentarians who sit between the government and the opposition waiting for the best offer.<sup>234</sup>

The drafters of the Integrity Law hoped that the political parties it created would evolve into broader-based entities that could hold the government to account,<sup>235</sup> but given that real policy-related divisions are unlikely to develop, it is doubtful that these top-down constructions will ever evolve into anything more than personality-based parliamentary factions. The narrowing of ideological divisions has also led some to question the continuing relevance of political parties in developed democracies.<sup>236</sup> Established political parties elsewhere in the world will be sustained by their ideological history for some time, but it is far less likely that broad-based political parties can be constructed from scratch without a mobilising idea or organic base. The real political divisions in Papua New Guinea occur along the lines of ethnicity and region, but the intensity of competition *within* regions has undone attempts to construct regionally based parties.

Another way of improving parliamentary scrutiny of the executive would be to develop a stronger committee system. Technical committees can improve accountability by focusing on the quality of legislation and administration, rather than through adversarial

political competition. This approach would arguably better accord with Melanesian culture and political reality. Committees can also provide a forum for the development of policy on complex and sensitive issues —of which Papua New Guinea has many — and for junior parliamentarians to demonstrate their ability and learn their job. Further, by providing a larger number of parliamentarians with a role in government, an expanded committee system can improve stability. Such an inclusive corporatist approach was adopted in Manus. Although it improved stability, it has been argued that this was at a cost to accountability.<sup>237</sup> Papua New Guinea's constitution provides for permanent parliamentary committees, but in practice the committee system has been constrained by limited funding and abuse of the system. It has been used to deliver rewards (that is, allowances) to supporters. A recent exception to this trend has been the revival of the Public Accounts Committee, but its activities remain vulnerable to a change in government policy.<sup>238</sup> A move to strengthen the committee system or use it to organise the executive would probably require constitutional amendment.

### *Elections*

Parliamentarians' accountability to their constituents should also generate better government. Their lack of accountability has been attributed to the peculiar way in which the electoral process has developed. Since 1977 Papua New Guinea has used the first-past-the-post voting system used by most democracies, but, combined with an ethnically segmented electorate, this system had led to a steady decline in the average winning totals since independence. Winning totals have decreased as the number of candidates has grown and, in a vicious cycle, the number of candidates has grown as low winning totals have improved the chances of winning. Until recently it was possible for a candidate to succeed with the support of only a fraction of their electorate, usually their kin. Of 109 parliamentarians elected in 2002 only one obtained more than 50 per cent of the popular vote; 60 received below 20 per cent.<sup>239</sup> Consequently parliamentarians have

had little incentive to look beyond their kinship group or groups and represent the interests of their broader electorate.<sup>240</sup>

It is important to recognise that Papua New Guinea has sought to remedy this problem.<sup>241</sup> The 2002 Organic Law on National and Local-Level Government Elections introduced a limited form of the preferential voting system used in Australia, a version of which was used in Papua New Guinea's three pre-independence elections.<sup>242</sup> In addition to their primary vote, voters are now required to indicate a minimum of two ranked preferences. If no candidate achieves more than 50 per cent of the first preferences then the lowest-ranked candidate is eliminated and his or her preferences are distributed.<sup>243</sup> This process continues until one candidate gains more than 50 per cent of the remaining live votes. It is not well-understood that winners will, however, only rarely obtain anything approaching 50 per cent of the votes. In most cases there will be many more than three candidates and voters are not obliged to allocate more than three preferences. There is also little basis for the common assumption that preferential voting will support the emergence of a more stable party system or even lead to a reduction in the number of candidates, except insofar as it reduces the incentives for those with little chance to try their luck.<sup>244</sup>

As well as producing more representative and thus accountable candidates, it is hoped that this reform will lead to more peaceful elections. Candidates made limited efforts to seek broader support under the previous system, tending rather in some places to concentrate their energy on denying rival candidates physical access to their own constituencies (clan, tribe, or territory). It is hoped that the new system will encourage more cooperative behaviour: candidates will allow access to rivals in return for a *quid pro quo* and ultimately even do preference-swapping deals. The latter depends upon the candidate's ability to direct preferences which, in turn, is arguably dependent upon the development of the party system.<sup>245</sup> It is hoped that the system will provide some freedom for voters, especially women, compelled by kinship to give their first vote to a particular candidate.

As with the Integrity Law it would be prudent to allow some time, and at least one national election, to pass before attempting to draw any conclusions. Nevertheless limited preferential voting has already been acclaimed a success on the basis of six by-elections.<sup>246</sup> In each of these elections the winning total was almost double the total of the last election. In four it was 22–29 per cent and in two it was close to 50 per cent. Campaigning and voting was far more peaceful and cooperative than in either the 1997 or 2002 elections, although only a few candidates campaigned outside their home base. The number of candidates also decreased, although numbers were still high (18–30). According to Standish this indicates that 'the culture of most large groups wanting a candidate, and of ambitious men wanting to become candidates, has not changed.'<sup>247</sup>

It cannot be assumed that these positive outcomes will be repeated in the 2007 national elections. Competition during by-elections is usually less intense as the reward is only half a term. Fewer candidates run, as many contenders would rather conserve their resources for the national elections. The success of these by-elections is also attributable to the considerable resources devoted to each of them, including one-third of the nation's police. This commitment could not be replicated on a national scale unless provision is made for staggered elections.<sup>248</sup> A further concern is that the necessarily more complex, and therefore slower and more expensive, vote count could lead to greater frustration, suspicion, and hence violence.<sup>249</sup> There was, however, no evidence of this during the by-elections.

The best-laid plans can go surprisingly astray in Papua New Guinea. The first-past-the-post voting system produced results entirely opposite to those anticipated by its proponents. It is impossible to predict just how the new system will be indigenised. In some parts of Papua New Guinea, damaging rivals is viewed as almost as important as self-advancement, and in the by-elections some candidates directed preferences to weak candidates, not to help their own chances but to damage those of rivals. Dummy candidates were used to split a rival's base vote or channel preferences back to the sponsor.

One of the more ambitious hopes of the reform's proponents is that it will help break down the ethnic divisions. By providing incentives

for cooperation, it is hoped that the reform will slow and even reverse the centrifugal dynamic accelerated by the previous system.<sup>250</sup> This is highly ambitious, given the resilience of ethnic identity in Papua New Guinea. While it is conceivable that the reforms might encourage greater cooperation between ethnic groups, this would not necessarily entail a decline in the importance of ethnic groups as political units. One candidate who did campaign beyond his base still did so along ethnic lines — retaining an anthropologist to track down distant relatives.<sup>251</sup> The evidence from the by-elections is that most voters whose first choice was compelled by clan loyalties were allowed a degree of freedom in allocating their other preferences. But in time ethnic groups may seek to determine the allocation of preferences too. A foreseeable scenario is larger ethnic-based coalitions capturing public office and excluding those groups outside the coalition from the benefits. Standish has suggested that larger ethnic groups might seek to undermine the system by running three candidates and by using all the preferences.<sup>252</sup>

The introduction of limited preferential voting is a positive development, but it only deals with one of the many and growing problems with elections in Papua New Guinea, which, in turn, reflect the state's weakening. Election results are increasingly determined by bribery, fraud, coercion, and violence. This violence reached alarming levels in the 2002 elections. Although the main problems are in the Highlands there have been some reports of an increasing 'Highlandisation' of coastal elections.<sup>253</sup> The common roll is highly inaccurate with massive over-enrolment in the Highlands and under-enrolment in Port Moresby and Bougainville. As a result, voter turnout at the last election was 270 per cent in Chimbu Province, but only 54 per cent in the National Capital District (Port Moresby), where many voters were turned away.<sup>254</sup> The declining quality of elections has serious implications for the state's democratic credentials. Standish has suggested that had a Highlander been elected prime minister in 2002 he would have been widely viewed as illegitimate.<sup>255</sup>

A tiered system of electoral colleges might provide a simpler and better a system for electing representatives. A successful candidate

would have to obtain the support of at least half the delegates plus one, and this would encourage bargaining between delegates. To ensure the inclusion of as many as possible of Papua New Guinea's numerous groups and to make successful candidates beholden to as wide a constituency as possible the system could have multiple tiers — exactly how many would depend on the trade-off between simplicity and inclusiveness.<sup>256</sup> As argued in Chapter 3, Papua New Guinea probably needs a multi-layered system to process and refine the diverse interests of its many groups into a national interest. Ideally, an electoral college would produce better candidates because electoral college delegates would be better educated, and their deliberations better informed, than the average voter, but their small number could make them more easily bought off so safeguards would be needed. An electoral college system could be used alongside the current system, for example, to choose a separately elected executive.

### Conclusion: organic laws versus organic politics

Improving the quality of Papua New Guinea's governments ultimately requires improvements in its democracy to make the system more stable, more accountable, and produce an appropriate balance where the two objectives conflict. Papua New Guineans have 30 years experience to call on but two recent reforms will demand particular attention. These are the attempt to stabilise government by manufacturing political parties (the Integrity Law) and the attempt to make government more accountable by reintroducing limited preferential voting. Both reforms have already been hailed successes. The Integrity Law does appear to have stabilised the executive, but not for the reasons the drafters hoped. The current government's longevity owes more to a shrewd manipulation of technicalities than the emergence of stable political parties. The reintroduction of limited preferential voting is more promising. It should encourage greater cooperation between ethnic groups, but there is no reason to assume that it will lead to a breakdown in the importance of ethnic groups as political units. The new voting system is far more complex and resource-intensive, and to work

at the national level, elections need to be staggered. Papua New Guinea should legislate to allow for this in time for the 2007 elections.

Papua New Guinea's democracy could be improved by separating the executive from the legislature. This is usually viewed as a means of stabilising the executive; but by removing the possibility of legislators joining the executive it could improve accountability. It should also be recognised though that the executive could be weakened, at least in practice, by its removal from the parliament. Electing a separate executive through a tiered system of electoral colleges could produce a better and more legitimate executive. Greater use of committees would offer a role to more parliamentarians. It could improve scrutiny of the executive and provide a better forum for dealing with Papua New Guinea's many sensitive issues. More widespread use of committees might reduce the adversarial quality of politics but this could also reduce accountability. The quality of any committee system ultimately depends upon the wider political process.

Simply changing the rules does little to deal with the increasing influence of extra-legal factors — bribery, coercion, and violence — on the political process. At its worst, this focus on rules can be said to have produced a legalistic society where the disjuncture between a first-world legal system and a third-world society has hindered, rather than helped, development.<sup>257</sup> Developing a more organic basis for Papua New Guinean politics requires going back to basics and analysing more closely the nature of political competition (which is alive and well in Papua New Guinea).<sup>258</sup> To repeat, there is nothing inherently wrong with this competition, the problem lies in the way it is channelled. The real political divisions occur along ethnic and regional lines. As argued in Chapter 3, Papua New Guinea could more explicitly acknowledge these realities, by, for example, trying to counteract the influence of *wantokism* directly. Acknowledging individuals' ethnic identities would be a step back from the liberal democratic model, but it might be a necessary interim measure to avoid the rut of illiberal democracy identified by Zakaria. There are limits to the extent that Papua New Guinea can attempt to change its culture through legislation, as the Integrity Law demonstrates. A

better approach is to channel cultural realities productively. This is the strength of the reintroduction of limited preferential voting. A reworked system of decentralisation could also take better account of Papua New Guinea's diversity.

# Chapter 5

## Decentralisation

Power must be returned to the people. Government services should be accessible to them. Decisions should be made by people to whom the issue at stake is meaningful, easily understood and relevant ... power should be decentralised so that the energies and aspirations of our people can play their full part in promoting our country's development.<sup>259</sup>

— The Constitutional Planning Committee

### Introduction

As we have seen, Papua New Guinea is the most ethnically diverse country in the world. Its population is spread across terrain that frequently verges on impassable; there is no road access to the capital. Governing such a state, especially as a democracy, demands a degree of political and administrative decentralisation. Even the highly centralised colonial administration (centralised in Canberra, not just Waigani) could not avoid allowing substantial *de facto* administrative discretion to its patrol officers (*kiaps*). But decentralisation has long been



hotly contested. Nationalists were suspicious of the local governments Australia established in the lead-up to independence, especially the influence of their white advisers. The CPC supported the establishment of provincial governments to sit above the local-level governments. But Michael Somare's first government, like those of many new states, opposed provincial government and sought to retain as much of the colonial power's central power as possible.<sup>260</sup> The stand-off continued until the eve of independence, when the government agreed to establish provincial government in return for the withdrawal of Bougainville's unilateral declaration of independence.<sup>261</sup> In the following years the national government clashed repeatedly with provincial governments, frequently suspending them. In 1995 it effectively abolished provincial government as an independent institution, replacing separately elected legislatures with an assembly dominated in most cases by the member representing the province (the 'regional' member) in the national parliament. Although the 1995 reforms increased the theoretical powers of local-level governments, due to inadequate funding and weak capacity, they have not become any more powerful at the local level.<sup>262</sup> The 1995 reforms coincided with the deterioration of provincial service delivery and, although they had broad support at the time, the reforms are now widely regarded as a mistake.<sup>263</sup> The national government's agreement to grant Bougainville 'a high-level of autonomy' as part of the settlement of the 2001 peace agreement has added impetus to calls for a new deal on decentralisation.

### Good in theory

A degree of political and administrative decentralisation is now widely viewed as an important component of good governance.<sup>264</sup> It is also increasingly popular in the private sector.<sup>265</sup> Decentralisation can bring government closer to the people, improve government's understanding of local circumstances and make it more responsive and accountable. The devolution of decision-making powers can avoid cumbersome bureaucratic bottlenecks. The closer government is to 'the people', the better citizens can monitor it and make themselves heard.

Decentralisation allows for regional variation, experimentation and even healthy competition.<sup>266</sup> But it can produce inefficiencies resulting from both losses of economies of scale and the weaker technical skills of most sub-national governments. There is no best model, as the appropriate degree of decentralisation always depends upon particular national circumstances.

In most cases, however, the model of decentralisation is determined by political necessity, rather than careful design. Political decentralisation typically emerges as a compromise between the centre and one or more regions, frequently to avert secession and preserve national integrity. Papua New Guinea is no exception, as it decentralised so as to contain secessionist sentiment in East New Britain, Papua and especially Bougainville, on which it was economically dependent. Nevertheless, as the World Bank has noted, decentralisation may offer a rare coincidence of political expedience and good governance.<sup>267</sup> This coincidence is especially significant for Papua New Guinea, which continues to search for an organic base to its political system.

### Bad in practice?

It is often asserted that Papua New Guinea's negative experiences of decentralisation prove that all this theory does not really apply to Papua New Guinea. The first provincial governments did not, as the CPC had hoped, emerge as vehicles for local empowerment. They were often inept, self-serving and corrupt, and on this basis were frequently suspended.<sup>268</sup> The 1995 reforms did not improve the performance of either level of sub-national government.<sup>269</sup> This pattern of failure has led many to conclude that sub-national governments in Papua New Guinea are beset by insurmountable weaknesses which can only be rectified through increasing national control.

It is far from clear, though, that these messy experiments have disproved the potential benefits of decentralisation in Papua New Guinea. It has become clearer, with the passing of time, that establishing good government in Papua New Guinea at any level is extremely difficult. The first provincial governments were not given a chance to develop. Their

short history was interrupted by frequent suspensions. However, not all provinces were failures. The island provinces, in particular, performed better than others.<sup>270</sup> And the re-centralisation that has taken place since 1995 has not improved government. In retrospect the gap between provincial and national Government performance in the earlier period was perhaps not as great as was once thought. Many suspensions were the product of power struggles, rather than maladministration.<sup>271</sup>

### The importance of design

Despite its potential positives, decentralisation necessarily departs from the basic model of good government in ways which its advocates do not always recognise. Decentralisation inevitably adds complexity to a political system because of the need to separate and define the responsibilities of various government entities. To meet their responsibilities, political bodies usually need corresponding rights, mainly rights to taxation. Without them they might not be able to meet their responsibilities and can avoid responsibility by citing their lack of resources. But sub-national governments rarely have rights to raise revenue which match their responsibilities — if they did they would be effectively independent. Thus the quality of decentralised government depends not only upon how rights and responsibilities are divided, but also the clarity with which this is done, and the means for resolving any disputes. A poorly designed system can introduce ambiguities, disjuncture and confusion which impair good government.

Papua New Guinea's first decentralisation suffered from a number of design flaws. The CPC failed to anticipate the inherently competitive relationship between the national and provincial governments fully, hoping instead for the emergence of cooperative relationships in accordance with 'Papua New Guinea Ways'.<sup>272</sup> It did not clearly define the powers and responsibilities of each level of government but allowed for substantial overlap in the hope that an appropriate division would evolve over time. The lack of a clear division has made it easier for each level of government to evade responsibility. The division of finance was, by contrast, overly complex. The fact that it was only understood

by a handful of technocrats made it easier for the central government to avoid properly funding the provinces.<sup>273</sup> The CPC hoped that any disputes would be resolved consensually and thus limited recourse to the courts. But the national government rarely availed itself of the dispute resolution mechanisms envisaged by the CPC, preferring the blunt instrument of suspension. These problems were only compounded by the hastily drafted 1995 reforms which have added more confusion about the rights and responsibilities of different levels of government, making it easier for each level to avoid responsibility. Provincial governments have been unable to compel the national government to fund them in accordance with the 1995 law. Since 1995 the national government has been unable to discipline provincial governments because the law limits its power to do so.<sup>274</sup> As a result it has not acted against even the most egregious cases of provincial maladministration.<sup>275</sup>

### Top-down versus bottom-up

It could be argued that governing a country as ethnically and geographically fragmented as Papua New Guinea requires a strongly centralised government. The colonial administration was highly centralised and its post-colonial successors have, by and large, sought to continue this approach. Papua New Guinea's first government ostensibly rejected the colonial model, but the unavoidable impression is that like many other post-colonial elites, they were deeply influenced by it and eager to retain maximum power so as to hold the nation together, and have the authority to implement ambitious nation-building. While the CPC supported decentralisation it emphasised that this was in the framework of a unitary state. Notwithstanding the CPC's 'unswerving trust in Papua New Guineans and their wisdom' it showed limited faith in their ability to ensure good government through the ballot box alone, and so prescribed, in exacting detail, how the state should function.<sup>276</sup> In the process it wrote one of the world's longest, and thus least accessible, constitutions. This top-down, technical approach prevails today. Greater central control is frequently urged as the solution to the problems plaguing sub-national government.<sup>277</sup>

The top-down emphasis is an anachronistic colonial legacy which does not sit well with Papua New Guinea's democracy. Whether or not strongly centralised government is desirable, it is simply not possible as long as Papua New Guinea remains a democracy, and yet democracy is the only viable model for Papua New Guinea (see Chapter 4). The national government clearly has a major role to play in any system of decentralisation but an overly top-down approach is ultimately unworkable and does little to realise the potential benefits of decentralisation, in particular, the ability of local people to determine their own priorities and compel their implementation. The most efficient way of ensuring governmental performance in a democracy is through local demand, rather than central control.<sup>278</sup> Although public demand for good governance is putatively weak, continuing rule from isolated Port Moresby does little to generate it. The closer government is brought to the people the more likely local demand is to develop.

### Tribalism

It has been long feared that political decentralisation could accelerate Papua New Guinea's fragmentation. In fact Papua New Guinea, like many other countries, decentralised to mollify separatist sentiment and maintain national integrity. The effectiveness of decentralisation as a means to *maintain* national unity is frequently overlooked. Moreover, in the aftermath of the Bougainville settlement it is fairly clear that the possibility of Papua New Guinea's unravelling was either overstated in the first place or has diminished over time (see Chapter 2). The energy devoted to keeping the regional genie in the bottle may not only have been unnecessary, it may have been counterproductive. If regional or ethnic loyalties do not threaten the state's existence, and have even underwritten its democracy, it should be possible to realise more of the positives that traditional groupings can offer (see Chapter 3).

Broadly speaking, there are three ways in which Papua New Guinea can negotiate its ethnic heterogeneity. The first is to attempt to manufacture a new national identity to supersede the old ethnicities. As discussed in Chapter 3, this is unrealistically ambitious. The second is to

encourage greater cooperation between ethnic groups. This is part of the sensible rationale underlying the apparently successful reintroduction of limited preferential voting. Although this reform should encourage more cooperative behaviour *between* groups, there is no basis for assuming that it will lead to a decline in the significance of ethnic groups as political units. Larger ethnic-based alliances are likely, but these could operate to the detriment of excluded ethnic groups (see Chapter 4). The third approach would be to create political units that better match traditional units. This is the rationale guiding many federations. Aside from averting separatism, ethnic-based federalism can also reduce counterproductive ethnic-based competition for the control of state institutions. While many ethnically diverse states have adopted unitary systems of government in a bid to over-ride ethnic differences, the result in many cases has been intensified ethnic competition for control of the unitary state, with the victor monopolising its resources.<sup>279</sup> If, as Reilly and Phillipot argue, ethnic heterogeneity is an obstacle to economic development in Papua New Guinea, the greater homogeneity of sub-national units should be a boon.<sup>280</sup> Aligning modern and traditional political units can create zones in which indigenous norms, including controls on behaviour, can effectively operate and, more importantly, adapt.

Attempting to better match political and traditional units is difficult because of both the high number of Papua New Guinea's traditional groups and their fluidity, but these difficulties should not preclude any attempt. The bottom line is that traditional groups command loyalties which the state does not, and harnessing these loyalties for the common good is an unavoidable part of building a functioning state.

### Micro-nationalism

Finding a positive way to reconcile and combine the traditional and the modern is the fundamental cultural challenge facing Papua New Guinea. In many new countries nationalist ideology has provided the bridge between the two. The power of nationalism derives from its ability to reconcile apparently contradictory world views — tradition and modernity — and thereby to make sense of the new in terms

of the old.<sup>281</sup> The paucity of traditional symbols with national appeal underlies the weakness of Papua New Guinean nationalism: vague nationalist constructs such as ‘Papua New Guinea Ways’ or the ‘Melanesian Way’ have failed to catch on.<sup>282</sup>

Symbols with stronger resonance may be found closer to the local level. In response to a sense of rapid change and even crisis, ‘micro-nationalist’ movements combining the old and the new multiplied in the lead up to independence. As noted in Chapter 3, it is possible that the current phenomenon which has been described variously as the growth of civil society or ‘re-tribalisation’ is something similar. Decentralised government can better connect with these movements’ ‘undoubted potential as innovative indigenous responses to political and social change’, notwithstanding its apparent failure to do so in the early years of independence.<sup>283</sup>

Decentralisation offers the possibility of a less ambitious, but more realistic, approach to nation-building, with sub-national groupings providing the building blocks. The challenge would be ensuring that this bottom-up approach did not get stuck on the ground floor. Early micro-nationalist movements did not, as many observers anticipated, become stepping stones towards the nation, partly because they embodied sentiments of withdrawal and were frequently characterised by a retreat from wider society.<sup>284</sup> The best way to encourage scaling upwards would be to offer incentives, beyond those inherent in increased scale, for groups to cooperate and unite with their neighbours (see below).

### Big government

A frequent objection to decentralisation is that it produces government which is too large and too expensive. Reducing the size of government was one of the main rationales for the 1995 reforms. Pais Wingti, the reforms’ instigator, was fond of claiming that provincial government accounted for ‘up to thirty per cent of the national budget’.<sup>285</sup> In fact, according to May, the cost of provincial government was only about 5 per cent of the money spent via provincial governments.<sup>286</sup> It is difficult to determine the amount of money provincial government overheads

consume under the current system. A particular problem is that politicians’ allowances get first call on the budget. In consequence it has been estimated that provinces spent K40 million on politicians and K5 million on rural health services in 2003.<sup>287</sup>

Papua New Guinea needs to minimise the resources consumed by government, but in the current stage of its political evolution it still needs a large and inclusive system of government to link state and society, process and refine its innumerable competing interests, and to establish the broad support necessary for collective action. Viewed on a sliding scale of political cultures, it is difficult to argue with the proposition that Melanesian culture is closer to direct than representative democracy. Public meetings are frequently well attended and lengthy, and voter turnout is consistently high.<sup>288</sup> There are many examples of supposed representatives abandoning their constituents’ interests shortly after moving to Port Moresby.<sup>289</sup>

The problem is not so much the size of government as its expense. Sustaining larger government would require an increase in volunteerism of the sort emerging in civil society.<sup>290</sup> This would require a major, but essential, shift in the dominant view of government as chiefly a provider of resources (including sitting fees, travel allowances, and so on) and politics as a means for accessing them. Generally speaking, Papua New Guineans are more likely to volunteer, that is, work without remuneration on behalf of their immediate community (the more immediate, the more likely) than for larger abstractions such as the state. Therefore the closer government is brought to the people the more likely such a shift is to occur.

### Problems of competence

Sub-national governments around the world find it harder to attract quality personnel. Papua New Guinea’s shortage of skilled bureaucrats was — and still is — felt even more acutely at the sub-national level.<sup>291</sup> Sub-national government can also be more susceptible to corruption. This is not just because of weak capacity. Local government personnel are more likely to have personal connections with constituents which can

compromise their professional duties. Poor competence and corruption are the main downsides to moving government closer to the people and these problems need to be confronted directly. The solution lies not only in attracting high-quality personnel but in adjusting and graduating the responsibilities of sub-national government. The level of responsibility demanded by Bougainville and uniformly granted to the first provincial government was probably too great for some provinces, especially those in the Highlands, but ultimately insufficient to contain Bougainville.<sup>292</sup> Another part of the solution lies in developing national discourse about the role of outsiders and in identifying or developing positions in sub-national government which are best filled by outsiders (Chapter 3).

### Closer to the people

The main argument made in favour of decentralisation today, and the main argument advanced by the CPC in the 1970s, is that it can bring government closer to the people and can arouse popular participation.<sup>293</sup> Formerly pessimistic about decentralisation, James Manor now concludes that:

Robust systems of decentralisation also tend to enhance government transparency and to increase flows of information between government and citizens very markedly, in both directions ... the amount of information passing up to government from citizens through elected members of decentralised bodies grows — which empowers governments. And information flows downward from governments to citizens more effectively because elected representatives are better than bureaucrats at explaining the reasons for policies, in terms that ordinary people can understand.<sup>294</sup>

These points are pertinent for Papua New Guinea. As a result of the country's dispersed population, difficult terrain and limited transport infrastructure, few citizens have access to their national government. Indeed, these factors also limit access to provincial governments

which, in some cases, are only barely more accessible. But this is a shortcoming of Papua New Guinea's current system, rather than decentralisation *per se*. One of the main reasons decentralisation has not operated in Papua New Guinea in the terms described by Manor is to do with generally weak information flows. Options for solving this problem are discussed in Chapter 6.

Bringing Papua New Guinea's government closer to its citizens offers the best hope for bridging the gulf between state and society which underlies many of Papua New Guinea's problems, especially those related to cargo culture (see Chapter 2). As Okole argues, 'localising compensation issues would mean that repercussions emanating from such cases would be confined to where they would be felt the most'.<sup>295</sup> Admittedly, experiments with decentralisation in Papua New Guinea thus far have not realised this hope. Cargo mentality appears to have shaped many of the early provincial governments which, as Ghai puts it, sought to imitate the national government 'right down to the black cars'.<sup>296</sup> But it seems reasonable to assume that, with time, the logical effect of giving local communities greater control over their resources would be to increase understanding of their finite quantity and the concept of opportunity cost.

### Flexibility

Decentralisation allows for greater flexibility and even experimentation. These are qualities of particular importance in Papua New Guinea, given both its extraordinary diversity and the elusiveness of models of good governance.<sup>297</sup> The initial system of provincial government probably erred in granting all provinces the same degree of autonomy, regardless of local capacity.<sup>298</sup> But the pre-1995 system also allowed for a degree of regional variation, flexibility and experimentation. Different provincial governments approached the perennial problem of balancing stability and accountability differently. Some opted for directly elected premiers (and experienced greater stability). Manus used a committee system to organise the executive, thereby ensuring the inclusion of all parliamentarians.<sup>299</sup> The newly autonomous Bougainville has chosen to

have a directly elected president and recallable legislators.

There has been an emphasis on ensuring even development in Papua New Guinea, since colonial days, with the goal of sharing the benefits of the nation's natural wealth as widely as possible. Decentralisation can undermine this goal, but the existing political system has also had little success in realising it. Development has been extremely uneven. The national government has tended to absorb, rather than re-distribute, resources while local groups — provincial governments and traditional landowners — have extracted an increasingly large share of royalties.<sup>300</sup> On the other hand, these royalties have been divided among growing numbers of beneficiaries as more and more people assert 'traditional' rights. Although the growing number of these claims often look like extortion, they could also be interpreted as recognition of interdependence.<sup>301</sup> Ideally, decentralisation would develop the second trend and would bring about a greater understanding of national interdependence (see Chapter 3). This is, admittedly, very optimistic. But as Papua New Guinea begins to exhaust its natural resources (see Chapter 2) this problem could diminish. It is far from clear that the most successful provinces have been those with the greatest natural resource wealth. East New Britain, with an economy based on palm oil, has been one of the better-performing provinces. In retrospect it may be the case that too much emphasis has been placed on the importance of re-distribution. Flexible decentralisation should allow successful provinces more free rein. With greater autonomy, East New Britain could optimise its undoubted tourism potential by, for example, developing direct international air links and a distinct identity (much as Bali has) that could attract tourists otherwise deterred by Papua New Guinea's poor law-and-order reputation.<sup>302</sup>

Decentralisation allows for a more gradual and nuanced approach to problems such as land reform which appear insoluble at the national level. Two provinces (East Sepik and East New Britain) have legislated for the registration of customary land, while similar national legislation was withdrawn because of rioting. Decentralisation should also enable local problems, such as tribal fighting, to be dealt with in ways which minimise national spillover and avoid the imposition

of lowest common denominator solutions.<sup>303</sup> Although legislation to control tribal fighting through collective punishment has been held unconstitutional, in practice mobile squads have continued to impose collective punishments.<sup>304</sup> A solution drawing on local norms might well involve collective responsibility but should be less arbitrary than at present.<sup>305</sup> An example of such a local solution is described in the 2004 report of the Commission on Africa. It attributes the relative serenity of a province of Somalia (Somaliland) to the retention and maintenance of the 'a clan-based system of justice, which places responsibility for crimes not on individuals but on the whole of their clan'. The report notes that:

Few in Somaliland doubt that the continued existence of the old system, and its elevation to an instrument of government as a check on the democratically-elected house, is a key component in the relative stability of Somaliland. Such a hybrid system is not one that a political theorist might have invented given a blank sheet of paper. But it is one, with its mix of African and other systems of governance which clearly works.<sup>306</sup>

### Checks and balances

A less frequently discussed benefit of decentralisation is the creation of checks and balances. This function assumes greater importance where national institutions fail, as they have in Papua New Guinea, to hold government accountable.<sup>307</sup> As discussed in Chapter 4, accountability is best ensured through political competition, rather than technical measures. The real political divisions in Papua New Guinea run along ethnic and regional lines. The potential of provincial governments to check and balance the national government was demonstrated during the period before 1995. The emergence of provincial government as an alternative site of power, if not yet quite a check on power, was responsible for much of the hostility it attracted from the national government. This capacity was lost in 1995 largely due to the tendency

of provincial (regional) members, who have since then doubled as provincial governors, to spend most of their time in Port Moresby where they are inevitably drawn into the ‘great game’ of national politics. The lack of a hard barrier between the executive and legislature, and the government and opposition, discourages national parliamentarians from actively monitoring the executive (see Chapter 4). With time and appropriate incentives, independently constituted sub-national governments could become, at the very least, critical observers of the central government. Their physical and institutional separation from the national government would enhance this role.

### What should be done

Papua New Guinea’s attempt to leap-frog from a collection of micro-societies to a unitary state appears over ambitious in retrospect. Going back to basics and building the state from the ground up requires a new system of decentralisation.<sup>308</sup> The details are best determined by Papua New Guineans through a national consultative process but some thoughts on possible reforms are offered here. A relatively simple change would be to repeal the 1995 law and reconstitute separately elected provincial governments. At the very least, national parliamentarians should be removed from provincial government. A simpler provincial government could be composed of local-level government members.<sup>309</sup> However, it is likely that broader changes will be needed to realise the benefits of decentralisation fully.

Reform can be extremely taxing for fragile states, and Papua New Guinea has undertaken substantial reform in recent years. But a reworked system of decentralisation would aim to capitalise on processes already underway and would be organically grounded in political and social reality. As the state of Papua New Guinea weakens, it is undergoing a form of *de facto* decentralisation. Examples range from the newly autonomous Bougainville in the east to Ok Tedi’s assumption of provincial government responsibilities in the west.<sup>310</sup> It includes: the increasing role of churches and, lately, resource companies in delivering services; the proliferation of para-governmental bodies

created to sidestep governmental dysfunctions; and the re-emergence of local forms of governance outside the state.<sup>311</sup> The object of a national consultative process would be to draw these threads together in a new political settlement. The three basic questions for any system of decentralisation are (a) what the units should be, (b) what their powers should be and (c) how the revenue should be divided.

### (a) The units

Drawing on their experience of the last 30 years, Papua New Guineans should be given the opportunity to reconsider how many layers of government they need and what the units should be. Papua New Guinea currently has two levels of government: 19 provinces and 300 local-level governments. Its four regions (Islands, Highlands, Papua, and MOMASE) and 89 districts have also been suggested as possible political and administrative units.<sup>312</sup> As argued above, Papua New Guinea probably needs a large, inclusive and multi-layered system of government to process and refine its numerous disparate interests. Any expansion in government would need to be underpinned by volunteerism though, as Papua New Guinea cannot afford to devote more resources to government.

A second question is the size of the sub-national units. Larger units offer greater economies of scale. They are usually more technically competent and are better able to check the national government, but some would be concerned that units which are too large could become too powerful and could threaten national integrity. The CPC rejected proposals to create four or five larger regions because of such fears.<sup>313</sup> A high number of smaller units generates more pluralism. However there is a trade-off; smaller units are closer to the people, but they are usually less technically proficient.

The answers to these questions are likely to vary across the country. The final system need not be uniform. Whereas a province-sized unit might be appropriate for Islanders, it could be too remote, heterogeneous and abstract for many Highlanders. The current push to carve a separate ‘Hela Province’ out of the Southern Highlands is only the most recent example of sub-provincial secessionism in the Highlands. This movement

is partly an attempt to grab more resources, both from the local natural gas revenues and the creation of a new governmental body, but it also reflects genuine historical animosity between the Huli and their neighbours. One possibility would be a model retaining the national framework of regions, provinces, districts and local-level governments while distributing the powers between them differently in different areas. In some areas the efficiencies offered by larger political units may be outweighed by the diseconomies of distrust and hostility. Disparate groups could still be encouraged to overcome their differences, and to ‘think bigger’, if only in their own interests. This work should be approached patiently on a case-by-case basis. Efforts to force homogenisation would be useless and, most likely, counterproductive.

National consultations may yield even more creative models. Ian Scales has made the fascinating argument, in relation to the Solomon Islands, that decentralisation need not entail a hierarchy of bodies whose jurisdiction is defined by area. Rather, sub-national units could be defined by task, for example, the provision of education, and could be linked through a polycentric system, rather than a hierarchy. This model of decentralisation has been nicknamed the ‘marble cake model, meaning that the layers are not neatly stacked on top of each other, but overlap and can have different vertical as well as horizontal extents’.<sup>314</sup> Scales argues that this would not be such a radical innovation, it merely reflects the informal network of governance that has developed in the Solomons, as in Papua New Guinea, in the wake of the state’s failure:

a classic example in the Solomons of the operation of networks in a multi-level, polycentric system is the enduring provision of education services by churches. Here there is overlapping service provision by different denominations.<sup>315</sup>

The difficulty would be finding a way of linking these organisations to the state. Papua New Guinea’s CPC confronted a similar difficulty when it considered how to recognise the new ‘micro-nationalist’ movements. The CPC ultimately gave up, but a new consultative process could produce an answer.<sup>316</sup>

There is clearly some benefit in matching sub-national political units to traditional groupings. As Charles Lepani has argued, what are needed are ‘more workable entities based on common linguistic heritage, cultural and traditional trading linkages ... as vehicles or entities for decentralised development’.<sup>317</sup> This is important to minimise counterproductive competition between ethnic groups, better realise the positive aspects of traditional norms, and ensure that a new system of decentralisation is organically based. But this goal presumes, to some extent, the existence of relatively stable and homogenous traditional units. Many anthropologists dispute this presumption (see Chapter 3). On closer inspection, seemingly ‘traditional’ identities often prove to be constructions assembled in response to particular opportunities, including state attempts to regulate traditional groups. Ostensibly homogenous tribes, clans, and even families are not necessarily less prone to internal splits and factionalism. Whether or not traditional groups are ‘real’, it is impossible to deny their continuing political salience. A more practical problem is the sheer number of traditional groups. Even accepting the arguments for bigger (but no more expensive) government, it is impracticable to recognise each group as a political unit. Sub-national units will inevitably be further divisible along ethnic lines. This will, however, always be a question of degree. At the very least more homogenous sub-national units can be created. In any event, these questions can be answered by Papua New Guineans, based on their own perceptions and priorities.

### **(b) The powers**

The division of powers should be as clear as possible, so that voters can be in no doubt about the respective responsibilities of different bodies. Common assumptions about the necessity of a national approach in certain areas, and that the national government is more competent or more efficient than its sub-national counterparts, should be examined closely in light of the last 30 years. In general, responsibility should be devolved to the lowest level which can discharge it efficiently. This will depend in part upon the capacity of individual units.



The distribution of powers need not be uniform. Sub-national governments with greater capacity should be given greater powers. There is a strong case for provincial governments to be given more power to hire and fire staff. The national government currently controls sub-national public servants, who are part of the national public service. The rationale is to realise economies of scale and to maintain the public service's independence. In practice, the cumbersome national bureaucracy makes it difficult for provincial governments to hire staff and almost impossible for them to fire those that are clearly underperforming. Provincial governments are thus denied control of a significant portion of their budgets as the cost of salaries is deducted from their grants.<sup>318</sup> This constitutes a major and damaging disjuncture between their rights and their responsibilities.

The mechanism by which decisions are made about the distribution of powers and the distribution of revenue should be as independent as possible; the decision should not be left in the hands of the central government. One possibility would be to constitute a body drawn from representatives of other, and relatively disinterested, sub-national governments. The inclusion of foreign representatives on this body could also maintain its independence.

### (c) The money

Financial resources should be distributed in accord with responsibilities. This is easier said than done. The difficulty of pricing governmental responsibilities, in particular, means that the distribution of finances is the most complex and most difficult part of any federal system. Papua New Guinea's National Economic and Fiscal Commission (NEFC) is currently finalising a long overdue review of the distribution of financial resources. This should go a long way towards dealing with many of the current system's shortcomings. Two points, however, should be made here.

First, although pricing governmental responsibilities is difficult, Papua New Guinea's experience demonstrates that overly complex systems are less likely to be adhered to, in part because so few people

understand them. So when trying to balance accuracy against simplicity, it is probably better to err on the side of simplicity.

Second, resources should be used as incentives where possible. Providing sub-national governments with a fixed *proportion* of national revenue, rather than a fixed-sum grant, could encourage them to monitor the national government's economic management more closely. The extent to which the distribution of resources should aim to compensate provinces for disadvantage (difficult terrain, dispersed population, and so on) should be scrutinised. Compensation for disadvantage can also act as a reward for poor performance. The high cost of delivering services to some areas can be the result of fixed geographical constraints but can also be the result of poor governance. Some Papua New Guineans have argued that it is not economically sustainable to deliver services to people in remote locations and that more emphasis should be placed on people travelling to services. Financial incentives could be used to encourage small groups to cooperate and aggregate.

### Conclusion

A benign dictatorship can produce good results through a top-down approach, but democracy's strength is its ability to harness a bottom-up process. Nevertheless, Papua New Guinea's post-independence governments have mimicked their colonial predecessor. But in doing so they have not provided strong unified leadership or economies of scale. The national government has often absorbed, rather than redistributed, resources. Its remoteness has made it less accountable and hence frequently self-serving. A more realistic approach would recognise that Papua New Guinea can only be built from the ground up. A reworked system of decentralisation need not just accommodate political reality, it could also produce government which is more flexible, efficient, and accountable. Sub-national governments can check and balance the national government. A number of countries have reaped the benefits of decentralisation. Papua New Guinea's geographic fragmentation and unique ethnic heterogeneity makes it especially suitable. The presumptive benefits of decentralisation are not displaced by Papua

New Guinea's generally negative experience of provincial government. This experience does, however, demonstrate the importance of design. A poorly designed system can, and often does, make things worse. International, especially Australian, involvement could make a positive difference here. That said, a new deal on decentralisation is best forged through a revival of the type of national consultations which accompanied independence. This time Papua New Guineans would have the benefit of 30 years experience of self-government, including the experience of the type of informal government and *de facto* decentralisation that has emerged where the state has failed. A reworked system of decentralisation could draw the threads together into something more positive.

## Chapter 6

### Australia's role

I suppose it is natural that, born a Melanesian villager (and I hope I shall die one, too), I try to fit Australia and Papua New Guinea into a kinship relationship. For me the most apt analogy seems to be that of the country cousin seeking to make his way in the town with the help of his long-established urban-based kin ... the country cousin, while acknowledging his debt and dependence, is yet impatient of the constraints of a rectitude and perspective which he feels are frequently not relevant to the composition of his own household.<sup>319</sup>

— Anthony Siaguru

### Australian interests

Most of this paper has focused on how Papua New Guinea can strengthen its democracy and statehood. Solving Papua New Guinea's problems ultimately depends upon Papua New Guineans. This is not just an ethical point. International experience has demonstrated the limits to which other countries can contribute to national development. There is, however, little prospect that Papua New Guinea will overcome

its problems alone. This chapter considers how Australia can best help. It does so from an Australian point of view. The main question considered here is how Australia can best advance its interests in Papua New Guinea rather than the more philosophical question of the most *appropriate* role for Australia in Papua New Guinea. Nevertheless, it is argued that to advance its interests, Australia should identify roles to which it is particularly suited.

Australia's interests will inevitably shape its role. This simple fact has been obscured at times because Australia's interests are not limited to hard strategic and security interests but include humanitarian and other post-colonial interests (the second set of interests identified in Chapter 1). The aid program has comprised a substantial part of the bilateral relationship, and development work, by its very nature, is often removed from the concerns of *realpolitik*. For some in Papua New Guinea and the wider development community the suggestion that Australia's interests might influence the aid program and that these interests are not exclusively humanitarian is a cause for suspicion.<sup>320</sup> But it would be better for all concerned if the interests on both sides were better understood and clearly acknowledged. Doing so would enable the Australian side to take a more considered, realistic and hard-headed approach. It would enable Papua New Guineans to make more of the opportunity — too often viewed as a threat — presented by Australian interests.

Australia's interest in Papua New Guinea's development into a strong, unified and prosperous democracy means that it should encourage and should support Papua New Guinea in taking the steps identified earlier in this paper, including a new process of national consultations on Papua New Guinea's political system and the consequential political reform. Political reform would likely include a reworked system of decentralisation. Historically, Australia has shown little sympathy for decentralisation in Papua New Guinea. Australia has shared the concerns of Papua New Guinea's governments about threats to national integrity. Gough Whitlam emphasised that Australian aid would 'be channelled through a national government in Port Moresby ... there is no future, there is no hope, in fragmentation and parochialism.'<sup>321</sup>

Many Australian advisers to Papua New Guinea's first leaders took a dim view of Australian federalism. The bad reputation and frequently poor performance of Papua New Guinea's first provincial governments did little to change this view,<sup>322</sup> and the eruption of the Bougainville conflict in 1989 appeared to vindicate early concerns.

Over the course of the Bougainville peace process Australia — as part of the multilateral Peace Monitoring Group (PMG) — came to play a mediating role between Papua New Guinea and Bougainville though, and accordingly Australian policy on Bougainville's future shifted to a more neutral position.<sup>323</sup> Post-Bougainville, Australia has begun to engage more directly with provincial governments and three AusAID officials have been deployed to the provinces as part of the recently announced 'Sub-National Initiative'. The opportunity now exists for Australia to support a reworked system of decentralisation. Australian support could make the all-important difference between a poorly designed system, which merely accommodated political reality — or, worse, accelerated Papua New Guinea's fragmentation — and one which is well-designed.

Australia's interests in Papua New Guinea are not as great as is sometimes claimed. It is not inevitable that a failed Papua New Guinea would constitute a major strategic or security threat to Australia. Nor, as is also sometimes claimed, do Papua New Guinea's interests entirely coincide with Australia's. Papua New Guinea's interest in having access to the Australian labour market provides one example. Better understanding of these divergences could form the basis for fresh and more realistic negotiations between Australia and Papua New Guinea.

It should be assumed that most communities are in a better position to determine their own development priorities than outsiders. But at the national level this presumption depends upon the ability of the political system to distil and represent the interests of its citizens. There are cases in which Australia's interests are closer to those of ordinary Papua New Guineans: for example when dealing with corrupt leaders or even, some would argue, funding health. This is a difficult area that requires a high degree of caution. Australians need to guard against assuming that they know best and against sounding arrogant or condescending. Part of the

solution is to focus any Australian intervention on strengthening Papua New Guinea's democracy.<sup>324</sup> Doing so would make any intervention more legitimate and improve the ability of the political system to capture the national interest.<sup>325</sup>

The order in which Australia pursues its interests in Papua New Guinea is important. It would be a mistake to grant unconditional support for particular projects, even where those projects are in Australia's interest, if they can be used to obtain Papua New Guinean agreement in more contentious areas. Australia's ability to obtain leverage from particular projects depends upon a careful assessment of Papua New Guinea's priorities. Although Australia has an interest in seeing Papua New Guinea develop a more stable political system and stronger nationalism, the absence of these conditions creates opportunities that should be exploited in the short term (see below).

### **Australian power**

Realising Australian goals in Papua New Guinea depends partly upon Australia's power. There are four important factors to consider in attempting to measure this power: the aid program; the colonial legacy; Papua New Guinea's democracy; and Papua New Guinea's fragility.

### ***Australian aid: conditionality versus ownership***

Although Australian aid has steadily declined as a proportion of Papua New Guinea's budget, it still comprises close to 20 per cent. A better indicator of Australia's potential power is that Australia still provides about 85 per cent of international assistance to Papua New Guinea, and there appears to be little scope for international substitution of this aid.<sup>326</sup> The lack of international interest in Papua New Guinea makes the job of helping to build its state more difficult; some have described it as a job that Australia faces 'largely alone'.<sup>327</sup> But being the preponderant donor also affords opportunities. Australia can avoid cumbersome multilateralism and pursue original policies such as the ECP.<sup>328</sup> This is not to say that Australia should

eschew multilateralism. Multilateral missions often appear more legitimate, but this can be at the cost of efficiency.<sup>329</sup>

Before considering how Australia could better use the aid program it is important to take account of what has been, or is being, tried. Australia's aid program has changed considerably — and increasingly rapidly — during the last 30 years. The program's numerous critics, who often damn the current program on the basis of its previous mistakes, rarely acknowledge this important fact.<sup>330</sup> The level of Australian control has fluctuated.

Australia's aid to Papua New Guinea initially comprised direct budget support, but increasing concern about how this money was being spent led to the gradual replacement from 1992 to 2000 of budget support with 'project aid'; Australia took the lead in identifying and funding discrete projects and outsourced their implementation.<sup>331</sup> This more hands-on approach included support for a series of World Bank structural adjustment programs under which Papua New Guinea was provided with loans conditional on specified macro-economic reforms. This more interventionist approach did not, however, yield the expected improvements and created unexpected problems. Project aid entailed high administrative costs. It did little to strengthen the government of Papua New Guinea — upon which Papua New Guinea's development ultimately depends — or to improve the state's fragile domestic legitimacy. By relieving the government of some of its core responsibilities it reduced the incentive for the government to deal with them. The structural adjustment programs produced some gains but these were often not followed through on, or were reversed, because of a lack of local support or 'ownership'.<sup>332</sup>

In recognition of some of project aid's shortcomings Australia pulled back in 2000 and began working more closely with the government of Papua New Guinea by pooling funds with other donors in particular sectors, such as health and education, which were then spent in accordance with 'agreed priorities'.<sup>333</sup> In the same year Australia inaugurated the Incentive Fund. The fund provides large grants of a minimum of K1 million in one year to a maximum of K7.5 million for the project to organisations, including government, that bid in a

competitive process. It is less interventionist because the projects depend upon the bidding process and the disbursement of funds is left largely to the organisations concerned.<sup>334</sup> The Incentive Fund is a significant reversal of traditional aid. Rather than seeking out the most disadvantaged, the fund rewards those who have already demonstrated success. It is difficult to avoid the impression though that the tension between helping the disadvantaged and 'rewarding excellence' is yet to be resolved. So far the fund appears to have experienced difficulties in attracting a sufficiently large pool of suitable applicants.<sup>335</sup> The aid program has also recently been augmented by a flurry of new initiatives, including support for the media, a partnership with church organisations and the 'Sub-National Initiative'.

Increasing concern about the fragility of Papua New Guinea — and other Pacific states — and an international climate more amenable to intervention produced a more interventionist approach from 2003. Following the deployment of RAMSI, Australia and Papua New Guinea agreed on the ECP. Like RAMSI, the ECP involved the insertion of about 200 Australian police and 64 officials into the police force and public service. The ECP marked a break with previous practice in Papua New Guinea both because the personnel were drawn directly from the Australian government, rather than consultants selected through tender, and because they would fill operational, or 'in-line', rather than advisory positions. The involvement of such a wide range of government agencies in Papua New Guinea was also new. Despite these ostensible similarities the two programs differed substantially. The ECP was not bilateral and, compared with RAMSI, relatively low key. Papua New Guinea had not broken down as the Solomon Islands had and even if it had, size difference alone would have precluded a RAMSI-style intervention. The ECP added about A\$200 million a year to the existing program of about A\$300 million a year.<sup>336</sup> Although the new program appeared to enjoy some support in Papua New Guinea's parliament and even more outside it this was insufficient to carry it through the Supreme Court's adverse ruling on the question of jurisdiction.<sup>337</sup> In consequence, the ECP, especially the police component, has been significantly scaled down.

Generally speaking, Australia's aid program in Papua New Guinea has oscillated between periods of lesser and greater Australian control.<sup>338</sup> Each approach has been shown to have advantages and disadvantages. Australia has sometimes been reluctant to leverage the aid program because of concern that doing so could undermine its own interests. On occasions when Australia has, alone or with other donors, sought to compel Papua New Guinea's agreement to a particular course of action, it has often found that achieving implementation, even after agreement has been obtained, arduous. This is partly because of the Papua New Guinean government's limited authority, and hence limited ability to deliver on promises, and partly because of Papua New Guinea's ability to deploy 'weapons of the weak' — obfuscation, foot-dragging, and so on — in order to avoid meeting commitments.<sup>339</sup>

A related problem with a strongly interventionist approach, illustrated by the Papua New Guinea experience, is that the more directly donors assume responsibility for a particular problem the less incentive Papua New Guinea has to take responsibility or develop the capacity to do so. This is one of the central paradoxes of aid.<sup>340</sup> The tendency towards dependency, described as cargo culture in Chapter 3, makes this problem particularly acute in Papua New Guinea. A hands-off approach can provide more space for indigenous processes to play out. The strongest example of this is the often-overlooked Bougainville peace process. Although a degree of pressure was necessary to obtain Papua New Guinea's agreement to the deployment of foreign peace monitors in Bougainville, once in place the peace monitors largely avoided involvement in local politics or the negotiations in favour of a facilitating role — organising meetings, providing transport — and, importantly, bearing witness to the process.

The multilateral development banks have global experience of these dilemmas. The poor success rate of the World Bank's structural adjustment programs, not only in Papua New Guinea, has led it to a new focus on local 'ownership' of particular programs.<sup>341</sup> 'Ownership' and 'capacity-building' have become the new mantras of the development community (while 'conditionality' has become something of a bad word). It is difficult to argue with the principles of 'ownership' and

'capacity building'. The problem lies in the practice. Waiting for ownership to develop or capacity to be built does little to deal with pressing problems and can become an excuse for inaction.<sup>342</sup> On the other hand, short-term administrative and budgetary cycles have led to the frequent bureaucratisation of these concepts. Capacity-building has become a one-week course in a plush hotel while ownership has been manufactured in hastily composed stakeholder groups. Many donor agencies are now pre-occupied with the seemingly oxymoronic problems of creating or 'engendering' ownership and 'building demand for good governance'. Reduced to their essentials these are really questions of how to persuade locals to want the same things that donors want. This leads back to difficult but unavoidable questions of power. A more nuanced concept of power — including so-called 'soft power' — may provide part of the solution to this problem (see below).

A longer-term approach could also reduce problems of bureaucratisation. One of the few propositions about modern state-building that can be confidently asserted is that it takes a long time. In the case of Papua New Guinea, which began its existence in a minimally developed state and lacked any pre-colonial concept of statehood, it can be assumed that this will take even longer. But maintaining long timeframes is easier said than done, especially given short political and bureaucratic cycles. It is made harder by both the continuing uncertainty about 'what works', and the particular vulnerability of foreign aid to criticism because of its inevitable mistakes and failure to deliver short-term results. This type of criticism can produce aid programs which are overly reactive, too risk-averse and pseudo-scientific in their attempts to cater for every contingency.<sup>343</sup>

The attempt to forestall criticism, cater to every new trend, and be all things to all stakeholders, partly explains the confusing complexity of Australia's current aid program to Papua New Guinea and its bewildering array of sub-programs. This diversity is not necessarily a bad thing. There is still a great deal to be learnt about what works best. If the program were simpler and more coherent it could be said to resemble a well-balanced share portfolio with a range of investments — from infrastructure to social capital — which spreads the risk. A long-

term approach requires a readiness to make substantial investments for decades and a readiness to accept the prospect of little short-term return, and the inevitability of mistakes. Mistakes are often the best way of learning and 'building capacity'. Success is more commonly the result of trial and error than magic formulas delivered by foreign professionals. Rather than trying to eliminate mistakes through rapid changes to the program or highly detailed project designs it would be better to accept their inevitability while spreading the risk, cushioning the blow, and ensuring that lessons are learnt.<sup>344</sup>

### **The colonial legacy: empire- or state-building?**

When Papua New Guinea began its existence as an independent state, foreign policy realists urged Australia to eschew any post-colonial sentimentality and conduct future relations with Papua New Guinea as it would with any other country.<sup>345</sup> But the poor performance of many former colonies has propelled some hard-heads to the opposite conclusion. Taking their cue from the growing number of quasi-imperial regimes (trusteeships, peace-keeping missions, and so on) advocates of 'liberal empire' argue that the best solution to the problems of fragile and failed states is their temporary, but long-term, cession of sovereignty to powerful liberal states. In most cases this is the former colonial power. They are usually less certain about how this could be achieved but are careful to make clear that they are not advocating a simple return to the empires of yore.<sup>346</sup>

Although many have interpreted Australia's recently more interventionist South Pacific policy, including programs such as RAMSI and the ECP, as neo-imperial this is too simplistic.<sup>347</sup> The increasing presence of Australian officials in Papua New Guinea's public service may give the appearance of a return to colonial days, but at no stage has the ECP required any significant formal concession of sovereignty by Papua New Guinea beyond the short-lived limitations placed on the jurisdiction of its courts. The Supreme Court's curtailment of the ECP demonstrated the difficulty in achieving even that. The fact that Australia and Papua New Guinea could agree on a program like the ECP, and that it continues to operate in some form does, however, show

the potential to move the relationship beyond post-colonial rhetoric, especially on 'sovereignty', into something more practical. The attempt to constitute Papua New Guinea as an independent sovereign state quickly now appears overly ambitious. Papua New Guinea's sovereignty has declined since independence, a fact frequently overlooked by those who saw the ECP as an unacceptable concession on sovereignty.

Australia and Papua New Guinea stand a better chance of developing a new type of post-colonial relationship than many former colonial pairs. Independence was not wrested from Australia and came against the wishes of large segments of the population. Papua New Guinea's continuing economic dependence upon Australia meant that the umbilical cord was never really cut. This has meant a level of continuing resentment, but the post-colonial tensions are comparatively mild. The flip side of the colonial legacy is a rich seam of personal affinity between the two countries which goes beyond the nostalgia for empire found in many former colonies. Developing a new model for the relationship will depend upon the ability of both sides to mine this seam.

The absence of strong Papua New Guinean nationalism, sometimes cited as the country's central weakness, also allows for greater pragmatism. Although Australia has an interest in supporting the development of Papua New Guinea's collective identity and social cohesion, nation-building should be undertaken gradually and cautiously. Fragile and self-doubting nationalisms frequently take the easier route towards obstructionist rhetoric and even xenophobia. In developing a new model for the relationship, and a new role for Australia, it will be important to focus sharply on the roles that are best-suited to outsiders, in general, and Australians in particular. Some suggestions are offered in the final section.

### **Democracy: stability, accountability and public opinion**

Papua New Guinea's democracy is sometimes viewed as adding to the challenges of state-building. That democracy is already established, albeit imperfectly so, can, however, lessen the challenge. A major challenge for international donors elsewhere is persuading the dictators to surrender

their powers, while Australia's counterparts in Papua New Guinea are elected officials. Australia should make the most of the opportunities Papua New Guinea's democracy presents. Papua New Guinea's politicians have shown a readiness to support, if not initiate, fundamental reforms, including some which limit their powers.<sup>348</sup> Their willingness to do so is partly the result of Papua New Guinea's instability. Because politicians know that they are unlikely to return to office, they are readier to bind their successors. Although Australia has an interest in stabilising Papua New Guinea's democracy — and improving incumbents' success rates in particular — precipitate stabilisation could limit Papua New Guinea's willingness to undertake other reform. Australian views on the importance of political stability should not be shaped by its assessment of the government of the day. The quality of Papua New Guinea's governments has varied greatly.

Public opinion matters in Papua New Guinea. Papua New Guinea's democracy increases the potential for, and utility of, engaging directly with the population. Ordinary Papua New Guineans are often more favourably disposed to Australia than urban elites. But public diplomacy has not played a major role in Australia's relationship with Papua New Guinea thus far. After independence Australia emphasised the government-to-government relationship so as to strengthen the national government's legitimacy. In subsequent years, the level of direct power ostensibly afforded by Papua New Guinea's economic dependence reduced Australia's incentive to try to leverage public opinion. More recently Australia has sought to avoid inflating ordinary Papua New Guinea's expectations, and for this reason the ECP was given a low profile (and a bland name). The program may have fared better if more attention had been given to animating local support. A new national consultative process could amplify public opinion and could help close the gap between ordinary Papua New Guineans and the urban elite.

### **Engaging a fragile state: from the outside in**

While Papua New Guinea's democracy enhances the usefulness of engaging directly with its citizens, its many imperfections make this

a necessity. As Port Moresby's authority over the territory of Papua New Guinea declines, so too does its ability to deliver on agreements. To engage with the nation of Papua New Guinea effectively, Australia needs to deal directly and coherently with groups and bodies other than the national government. Working outside the national government, though, can also weaken it. The central difficulty in engaging with fragile states is deciding with whom to talk. A strategy that continually encourages scaling up could help solve this problem (see Chapter 5). The challenge for the future will be to engage the periphery in a way that facilitates the goal of national integration rather than fragmentation. Such a strategy would require a high level of coordination, but Australia's preponderant position should reduce the challenge of doing so. Given the extent of Papua New Guinea's fragmentation the process of scaling up would be gradual.<sup>349</sup>

Australia's main assets in pursuing such a de-centred strategy are money, information and people.<sup>350</sup> Some suggestions are made below about how they could be deployed, but first it is necessary to distinguish between different forms of power.

### 'Hard' and 'soft' power

Australia can increase the leverage it gains through the aid program by making support for particular projects conditional, although its ability to do this is constrained by its interest in particular projects. For example, Australia has no interest in cutting funding for the distribution of medicines, as to do so could have an immediate and negative effect on the health of Papua New Guineans. The importance that Papua New Guinea places on a particular project is a major determinant of its leverage potential. Australia could arguably extract more from its funding of upkeep to the Highlands Highway. The debate about the best use of conditional aid is far from resolved, especially for fragile states, but it has produced a few pointers which could guide future Australian practice. Conditions should be: (i) kept as simple as possible — reporting on compliance with complicated conditions can unnecessarily add to the burdens fragile states face; (ii) objective — so both sides know where

they stand; and (iii) made public so that Papua New Guinea's citizens know what deals their government has either agreed to or rejected on their behalf.<sup>351</sup>

Experience has shown the difficulties of exercising the sort of 'hard power' represented by conditional aid. Papua New Guinea's democracy, fragility and the colonial legacy all add to these difficulties, but they also enhance Australia's potential 'soft' power. The concept of 'soft power' has been developed in an attempt to understand the numerous ways in which one country can influence another other than through hard — military or economic — power. It includes all those forms of influence, especially cultural, which fall outside the purview of traditional realists.<sup>352</sup> The concept is used most frequently in attempts to measure the United States' cultural hegemony and to formulate recommendations for winning hearts and minds in Arab and Muslim autocracies. The absence of outcomes clearly attributable to soft power has prompted some scepticism, but this misses the point. Soft power is useful because it can lower the cost of achieving a particular outcome. More to the point, soft power can be more useful in achieving particular results because it is qualitatively different from hard power (and the term 'soft power' — which implies a weaker version of the same thing — is thus misleading). As Joseph Nye observes 'soft power — getting others to want the outcomes that you want — co-opts people rather than coerces them'.<sup>353</sup> Because soft power helps get others to want what you want, so it can be used to 'engender ownership'.

There is considerable potential for Australia to complement its use of hard power with soft power. Australia's challenge in winning hearts and minds in Papua New Guinea hardly compares to that of the United States in the Middle East. Strong colonial and post-colonial ties have ensured that many Papua New Guineans still look to, and have warm feelings towards, Australia although this vein of personal affinity remains largely unmined. And because Papua New Guinea is an established democracy public opinion is important. Soft power is needed to help smooth bumps created by the use of hard power. Australia may need hard power to obtain Papua New Guinea's agreement to a program such as the ECP or the Bougainville peace monitors, but soft power is necessary to



make these types of programs, dependent upon personal relationships, work. Soft power is especially relevant because achieving Australia's fundamental goals in Papua New Guinea require the sort of changes in organisational, cultural, and even personal, behaviour which are not easily obtained through coercion. As an example, effectively combating Papua New Guinea's looming HIV epidemic requires changes in sexual behaviour more than governmental action.

One way to increase Australian soft power would be to develop more personal connections between Australians and Papua New Guineans. The type of positive influence that many Australians exercised in Papua New Guinea in the early days of independence could be characterised as a form of soft power, but these relationships have declined over time. Several commentators have correctly noted the need to strengthen people-to-people links to re-invigorate this dimension of the relationship and strengthen the overall relationship.<sup>354</sup> This includes increasing Papua New Guineans' exposure to Australia. Australia's soft power could also be enhanced by developing links between Australian government representatives and ordinary Papua New Guineans and through a new public diplomacy strategy.

### A. Funding: eggs and baskets

Australia could help underwrite the quality of a new system of decentralisation by linking its funding to the mechanism for distributing funds. The distribution mechanism is the key to any decentralised system. Distributing Australian funding across different tiers of government could also spread the risk. And building on the approach inaugurated with the Incentive Fund, the funding mechanism should be used to provide an incentive for good performance — especially transparency — rather than just compensation for disadvantage (see Chapter 5).

Australia might even be able to play an impartial role in the resolution of intergovernmental disputes. Outsiders can bring impartiality. Although some segments of the national government would resist such an intrusion by the former colonial power, Australia's demonstrated interest in Papua New Guinea's national integrity and scaling up could

ameliorate this. In any event it is likely that Australia will be called upon to play this sort of role in future disputes between autonomous Bougainville and Papua New Guinea's national government. In the absence of natural resource revenues, Bougainville will remain economically dependent upon Papua New Guinea for some time. This is a curious reversal of the pre-crisis relationship. As part of the peace agreement, Papua New Guinea has agreed to provide Bougainville with about K80 million per year.<sup>355</sup> Given Port Moresby's poor record in funding non-autonomous provinces, there is a real question about how much of this will be paid, especially if it becomes clear that Bougainville is likely to vote for independence. Experience has shown that court orders are of limited use in extracting funding from Waigani, so in the event of default, Bougainville will most likely appeal to the sponsors of the peace process, and especially, the major sponsor, Australia.

Australia should consider more direct funding for sub-national bodies, especially if a better system of decentralisation is created. In recognition of the fact that local people are usually in the best position to determine their own priorities, the main condition for this funding should be transparency.<sup>356</sup> Some of this money will inevitably be misspent on ill-considered projects, but these mistakes should be accepted as part of the learning process. Successful projects, though, could provide models for other communities. Scaling up could be encouraged either by facilitating or brokering the meetings necessary to forge cooperative action or through financial incentives, although in most cases economies of scale should provide sufficient incentive.

There is nothing new about the provision of block grants to local constituencies in Papua New Guinea. Elaborate fiscal redistribution mechanisms have been disregarded in favour of the infamous 'slush funds', large discretionary budgets granted to individual parliamentarians.<sup>357</sup> Unsurprisingly, these budgets enjoy almost unanimous support in parliament and so will be difficult to end. But if slush funds can't be stopped, their disbursement could be improved by offering to augment the funds in return for an agreement to spend the combined sum in a transparent way. Agreeing to this could improve parliamentarians' chances of re-election.<sup>358</sup>

In some ways this funding model would be similar to simple budget support. It would be similarly efficient. There would be less need for consultants and extensive project design, but spreading the funding over a number of organisations would minimise the risk. It would lack the economies of scale that theoretically accompany national funds, but there is little evidence that these have been realised and competition between organisations should generate efficiencies. Importantly, this funding model could be designed to build social capital, both by requiring transparency and by facilitating more cooperative relationships. In this respect it would build on the early successes of the AusAID-funded Community Development Scheme (CDS), but unlike CDS it would be explicitly linked to a broader strategy of decentralised state-building.<sup>359</sup>

A useful model for this approach can be found in neighbouring Indonesia. As Indonesia has democratised and decentralised, sub-national bodies have assumed a more important role. The World Bank funds block grants to Indonesian sub-districts (*kecamatan*) as part of the Kecamatan Development Project (KDP). A Javanese *kecamatan* contains approximately 50,000 to 75,000 people, making it the rough equivalent of Papua New Guinea's districts. The Kecamatan Council, composed of representatives from the 20 to 50 villages in the *kecamatan*, can decide to spend the money on almost anything it thinks is a priority,<sup>360</sup> but decisions must be transparent. For example, villagers must obtain quotes from three different suppliers and read them out at a village meeting.<sup>361</sup> Scott Guggenheim, the project's designer, notes that many villagers were initially reluctant to do this and were 'nearly always shocked to find that comparative shopping lowers costs.'<sup>362</sup> The KDP is the first World Bank project to be designed by an anthropologist and one of its main purposes is to develop social capital. It does so by encouraging inter-village negotiation and cooperation, and empowers local communities by raising their expectations of governmental transparency. The KDP has also yielded impressive results in economic terms. Infrastructure built through the KDP was found to cost, on average less than half the cost of equivalent works undertaken by the ministry of public works or local government contracts.<sup>363</sup>

## B. Information: public diplomacy

Australian public diplomacy in Papua New Guinea should aim to smooth over some of the post-colonial sensitivities in the relationship, while building on the personal warmth which is also part of the colonial legacy. The key message of a public diplomacy campaign should be Papua New Guinean self-determination. There would be a number of advantages to reviving this catchphrase of decolonisation and the related slogan 'self-reliance'. Although Papua New Guinea gained independence in 1975, self-determination remains a work in progress. It is not just a matter of throwing off the colonial yoke; it entails a functioning state and strong democracy. A new focus on self-determination could inject much-needed vision into both Papua New Guinean political debate and perceptions of Australia's goals, which often appear focused on dry technical reform. It could help animate Papua New Guinea's elite in the same way that the early promise of independence did and stimulate a re-imagining of Papua New Guinea. Self-determination offers a more practical mobilising ideology than nationalism and counters dependency. Clarifying Australia's support for Papua New Guinean self-determination would gainsay claims that Australia is seeking neo-colonial control, and would emphasise that the goal of 'interventionist' programs such as the ECP is to strengthen, rather than undermine, Papua New Guinea's sovereignty. Under this rubric, Australian intervention could be refigured as continuing the unfinished work of decolonisation.

Within the framework of Papua New Guinean self-determination, Australia could feed more ideas about political reform into Papua New Guinea's debate. Papua New Guinea's press contains frequent hand-wringing, but there is a dearth of new ideas. The considerable expertise on Papua New Guinea in Australia too often focuses on re-characterising the problem, rather than hazarding possible solutions. This reluctance is partly natural academic caution, but it also reflects an understandable desire to avoid appearing patronising. Papua New Guinea is probably the most anthropologically studied country in the world and, as noted in Chapter 3 more work needs to be done to bridge

the gap between anthropology and political theory.<sup>364</sup> Government funding for academic bodies could be restructured to provide incentives for new ideas and under the broader rubric of self-determination it could be made clear that these ideas, like this paper, were contributions, rather than prescriptions.

Australia could provide ordinary Papua New Guineans with more information about Australia's interests and especially about the aid program. The complexity of the current program, and the over-use of aid jargon, acts as a barrier to understanding and feeds misunderstanding. Clarifying the limited role of the aid program could help redirect some attention back to the government of Papua New Guinea. Australia could also make the large collection of consultants' reports it has commissioned more publicly available. These constitute a valuable resource, especially given the dearth of publications on Papua New Guinea.

Information is the missing link in Papua New Guinea's democracy.<sup>365</sup> Australia could provide ordinary Papua New Guineans with more basic information about their own country, such as the allocation of its finances. Papua New Guinea's government is often opaque, but as a consequence of the aid program, Australian officials probably have the next-best understanding of Papua New Guinea's budget. Australia could feed this information into the public realm. By informing voters about how much money has been theoretically allocated to particular schools, health centres, and so on, Australia could provide them with the information that they need to hold their elected and bureaucratic officials accountable. After the Government of Uganda began announcing its education transfers in the newspapers and on radio in 1996, and ordered primary schools to display the information on their public notice boards, the amount of money stolen dropped dramatically.<sup>366</sup> Attempts to apply this approach more broadly have been less successful in Uganda, largely because of poor information infrastructure.<sup>367</sup> To minimise accusations of political interference and the possibility of losing access to information, Australia would need to maintain a carefully neutral stance, but the provision of simple factual financial information is one of the most defensible forms of intervention.

The challenges of mounting a public diplomacy campaign in Papua

New Guinea relate to the medium as much as the message. The information infrastructure is weak, with newspapers having only limited circulation outside urban areas, and limited radio coverage.<sup>368</sup> Papua New Guineans have some of the lowest rates of information and communication technology use in the world.<sup>369</sup> Although the recently announced Australian-funded 'Media for Development Initiative' should help improve this situation, especially by supporting the provincial radio network, it is unlikely to change the situation dramatically. This weak infrastructure makes face-to-face contact, through public meetings and patrols to remote locations, often necessary. And for cultural reasons face-to-face contact is often the best way of spreading the message in Papua New Guinea. This is one of the reasons that Australia should put more of its representatives back into the field.

### C. People: back into the field

Defining an appropriate role for Australian personnel requires taking careful account of the comparative advantage that outsiders, especially Australians, can bring to Papua New Guinea's political economy. This is not just a matter of technical competence. There is little point in Australians assuming roles that can be filled by Papua New Guineans or getting directly involved in culturally specific practices and processes. But, as argued in Chapter 3, the fact that outsiders are not part of this local economy can allow them to play a distinctively useful role. The authority enjoyed by Australian patrol officers — *kiaps* — during the colonial period derived not only from the Administration's aura of power and their weapons, but from their remove from local economies of competition and reciprocity. There is no possibility that Australians in shorts and long socks will ever again rule over Papua New Guineans, but by dint of their status as outsiders, similarly adventurous Australians working across Papua New Guinea could still play a particular role in building the nation and the state.

A new category of Community Envoys might be formally accredited to Papua New Guinea as diplomats and might be stationed in a series of new consulates across the country, possibly one in each province.

They could be paid from funds saved through the scaling down of the policing component of the ECP. These personnel would not be placed in Papua New Guinea's government as they would represent Australia. Their exact role would vary from place to place but there are numerous ways in which they could make a positive contribution, especially by gathering and providing information. Australian officials living in local communities would gain a better understanding of local traditions and politics. Locally specific information is essential for assisting fragile states (see Chapter 3) but of there is a lack of knowledge about what takes place outside the main urban centres in Papua New Guinea (see Chapter 2).

Community Envoys could act as a reliable and neutral source of information on everything ranging from Australian policy to Papua New Guinea's budget to HIV. They would monitor the delivery of aid, and the level of transparency in sub-national governmental processes. Australian officials travelling in Papua New Guinea are frequently besieged by requests for funding which they are obliged to politely deflect. A better response might be to inform applicants about their own government's budget. In some areas Community Envoys might even be able to play a more active brokering or facilitating role by encouraging larger-scale cooperation and by helping to resolve local disputes. A disinterested but mutually trusted outsider can provide the circuit-breaker in local disputes.<sup>370</sup> Some locals, nostalgic for the *kiaps*, might expect Australians to play a role in law enforcement. Managing expectations would be a challenge but, as the Bougainville experience demonstrated, not an insurmountable one.

Security would be a major concern and would need to be carefully assessed. Overly cautious security arrangements would restrict contact with the local community, undermining the Community Envoys main goals. Where possible Community Envoys should seek to rely upon host communities for security. The broader effectiveness of Community Envoys would depend upon local community receptiveness. If the local community were not receptive, or were judged unable or unwilling to guarantee the Community Envoys' security the team would relocate to a more receptive community. This competition would provide an

incentive for host communities to look after their Community Envoys.

There are signs that Australia is beginning to engage more broadly in Papua New Guinea. AusAID has developed a partnership with churches and is working on developing a similar arrangement with resource companies by a series of *ad hoc* arrangements and there is little evidence of a strategy of scaling up. The three AusAID officials deployed to provincial governments as part of the 'Sub-National Initiative' mentioned earlier in the chapter have a modest brief, doing the same job that they were doing in Port Moresby, only the location has changed.

The Australian-led Bougainville PMG provides a better precedent for this type of engagement.<sup>371</sup> Unarmed military and civilian peace monitors drawn from Australia, New Zealand, Fiji and Vanuatu (the sponsors of the peace process) were distributed across a number of team sites. Through living in the community and conducting regular patrols to more remote villages, the monitors were able to build up a good deal of local knowledge. They spread information about the peace process through constant patrolling and delivering the newspaper *Nius Bilong Peace* and were able to quash false rumours.<sup>372</sup> Initially exaggerated expectations of the PMG held by some Bougainvilleans proved manageable once it became clear that the monitors would not provide aid or law enforcement. The peace monitors did not become involved in local politics or the peace process, but their presence was nonetheless essential to the success of a distinctively Melanesian process.<sup>373</sup> The passive presence of peace monitors in Bougainville was often all that was required for local-level reconciliations. Although the focus was on building peace, it indirectly developed social capital by bringing together dispersed communities that had withdrawn from one another during the course of the crisis.

The deployment of the mostly Australian PMG marked a significant shift in Australia's engagement with the nation of Papua New Guinea. As security has worsened in Port Moresby, Australian officials have been forced to withdraw to the security of walled compounds and limit their direct engagement with the community. The PMG, by contrast, lived in a former war zone with little by way of direct security. Rather, the communities within which they resided — and which took an

interest in their continuing presence — took primary responsibility for their security.<sup>374</sup> This approach could not be replicated in all parts of Papua New Guinea. Bougainvilleans were war-weary by the time that the peace monitors arrived. The deployment of a similar force to the Solomon Islands during the early stages of the conflict there was less successful because of the greater latency left in that conflict. But there are large parts of Papua New Guinea that would be just as welcoming of the attention that Bougainville has received. The decision to rely upon local communities in Bougainville was ultimately vindicated and PMG officials were thus able to engage more directly with ordinary Papua New Guineans. In the process the PMG was able to perform one of the great public diplomacy feats of Melanesia by turning average Bougainvillean attitudes towards Australia around 180 degrees.<sup>375</sup>

Papua New Guinea's agreement to a Community Envoy program such as this would depend upon the precise role of the envoys. Their less 'hands on' role might be more acceptable, than, for example, Australian police based in Port Moresby. For one thing, they could not be accused of taking Papua New Guinean jobs. A possible deal, which has an attractive symmetry, would be to allow more Papua New Guineans to work in Australia in return for greater Australian access to ordinary Papua New Guineans. Obtaining Papua New Guinea's agreement to this deployment might require the use of some hard power, but once inaugurated the program's continuation would depend more upon local popularity, thus the national government would find it difficult to close down a popularly supported program.

Who would Australia send? Living conditions in provincial Papua New Guinea are much tougher than at a standard diplomatic posting, but rural Papua New Guinea offers the possibility of genuinely fascinating work, an extraordinary and beautiful environment, more direct and friendly local relationships, and a working environment less constricted by security concerns. It is noteworthy that although Papua New Guinea is one of the least popular destinations for Australian volunteers, those who go are the most likely to extend their time in-country.<sup>376</sup> For those interested in the increasingly important work of ground-up state-building there would be few better experiences. As

long as fragile states continue to demand international attention, the need for a corps of officials with this type of experience, who are ready to live a bit rougher, will increase. For the increasingly talented young graduates who join departments such as Foreign Affairs and Trade impatient for real adventure, this would be an attractive opportunity, just as the Bougainville PMG was for many.

## Notes

- <sup>1</sup> Tim F. Flannery, *Throwim way leg: an adventure*. Melbourne, Text Publishing, 1998, p 2.
- <sup>2</sup> Paul Hasluck, Present tasks and policies, in *New Guinea and Australia*. John Wilkes (ed.), Sydney, Angus & Robertson, 1958, p 81. Hasluck was Australian Minister for Territories from 1951 to 1963.
- <sup>3</sup> Supreme Court of Papua New Guinea, *Special Reference by the Morobe Provincial Executive*. SCR No 2 of 2004, Supreme Court of Justice at Waigani, 13 May 2005.
- <sup>4</sup> J. Lapou, Mixed reactions from Lae. *Post-Courier*, 16 May 2005, p 1.
- <sup>5</sup> Sad AAP withdrawal. *Post-Courier*, 16 May 2005, p 1.
- <sup>6</sup> Questions, lessons in PNG imbroglio. *Sydney Morning Herald*, 29 August 2005, p 12.
- <sup>7</sup> Australia was also constrained by international law, but Queensland did attempt to annex Papua in April 1883 and the possibility of Papua New Guinea being incorporated as a seventh Australian state was discussed in the decades before independence if never very seriously. Formerly German New Guinea was never strictly speaking an Australian colony but a League of Nations mandate and then a United Nations trust territory. Australia also dominated the colonial administration of Nauru.
- <sup>8</sup> Highlanders were the strongest advocates of delaying independence. Critics argued that they were under the sway of expatriate Australian plantation owners. Another interpretation is that they were worried about being dominated by the better-educated Papua New Guineans from the coast and

that the Highlanders wanted time to strengthen their hand.

- <sup>9</sup> In 2003 Australian aid to Papua New Guinea comprised 6.4 per cent of Papua New Guinea's gross national income (GNI). There are few comparable bilateral aid relationships: US aid makes up 6.35 per cent of Jordan's GNI, 5.49 per cent of Ethiopia's and 6.08 per cent of Liberia's. French aid comprises 5.85 per cent of Mozambique's GNI. Only a very few countries are much more dependant upon one or more donors: the Marshall Islands (34.95 per cent from USA), the Democratic Republic of the Congo (14.09 per cent from the US and 13.25 per cent from France) and Timor-Leste (18.71 per cent from Portugal) (OECD, 2003).
- <sup>10</sup> For a short history of the aid program see Chapter 6.
- <sup>11</sup> Even improving health services is often seen, especially by men, as a lower priority.
- <sup>12</sup> White and Wainwright plausibly suggest Australia might have a greater interest in the security of Papua New Guinea's borders than Papua New Guinea itself: Hugh White and Elsinia Wainwright, *Strengthening our neighbour: Australia and the future of Papua New Guinea*. Canberra, Australian Strategic Policy Institute, 2004, p 19. This was not always the case, one of the earliest acts of the first Somare coalition cabinet was to repatriate eight Indonesian border-crossers. As Dorney notes 'it seemed that the first PNG Government was determined to prove it was going to be even tougher on border matters than the outgoing Australian administration'; Sean Dorney, *Papua New Guinea: people, politics and history since 1975*. Sydney, ABC Books, 2001, p 213.
- <sup>13</sup> See Paul Dibb, *Review of Australia's defence capabilities: report*. Canberra, Government Printer, 1986.
- <sup>14</sup> Bruce Geoffrey Hunt, *Papua New Guinea in Australia's strategic thinking, 1980–1977: the path to the 1977 statement on the defence relationship*. Ph.D. thesis, Armidale, University of New England, 2003, p 8. These judgments formed the basis for Australia's decision not to enter into an open-ended commitment to come to Papua New Guinea's defence in any circumstances.
- <sup>15</sup> Bruni argues the Soviet Union or Soviet proxies did mount 'low risk, high gain operations. Had they succeeded, Moscow would have gained a significant diplomatic or economic coup'. But he notes that 'Russian policy makers were not about to strongly contest American power in this region'. John Bruni, *Back to the future: a 'colonial' Australia in the 21st century South Pacific?* (paper

presented at the Asia Pacific and a New International Order: Responses and Options International Symposium, Adelaide, 27–28 January 2005, p 4).

- <sup>16</sup> Greg Fry, Australia and the South Pacific, in *Diplomacy in the marketplace: Australia in world affairs, 1981–90*. P.J. Boyce and J.R. Angel (eds), Melbourne, Longman Cheshire, 1992, pp 172–174.
- <sup>17</sup> Peter Hastings, Threat to Pacific overrated. *Sydney Morning Herald*, 18 September 1989, p 12.
- <sup>18</sup> 1991 Report of the Joint Committee on Foreign Affairs, cited in Hank Nelson, Fighting for her gates and waterways: changing perceptions of New Guinea in Australian defence. *State Society and Governance in Melanesia: Discussion Paper* (2005/3), 2005, p 21.
- <sup>19</sup> Anthony J. Regan and Ronald J. May, Reassessing Australia's role in Papua New Guinea and the Island Pacific, in *The national interest in a global era: Australia in world affairs 1996–2000*. James Cotton and John Ravenhill (eds), Melbourne, Oxford University Press, 2002, p 159.
- <sup>20</sup> According to some estimates 5000 Australian peace monitors served on Bougainville between 1997 and 2004.
- <sup>21</sup> The counter-argument is that no matter how improbable, it is necessary to plan for the possibility of a conventional attack given its potentially catastrophic consequences: see Hugh White, Australian defence policy and the possibility of war. *Australian Journal of International Affairs*, Vol 56, No 2, 2002. Alan Dupont describes this as 'a curious inversion of risk management which is that the consequences of an action must be carefully weighed against the probability of its occurrence'. Alan Dupont, Transformation or stagnation? Rethinking Australia's defence. *Australian Journal of International Affairs*, Vol 57, No 1, 2003, p 59.
- <sup>22</sup> Dupont, Transformation or stagnation? Rethinking Australia's defence. *Australian Journal of International Affairs*, Vol 57, No 1, 2003, pp 57.
- <sup>23</sup> Mark Forbes, PNG concerned by visit to no-go zone. *Age*, 7 October 2004, p 8.
- <sup>24</sup> In 2000, Placer Dome brought South African landowners to Porgera and Misima to build support for their ultimately successful bid for a large contract in South Africa: Brad Gordon, *Porgera mine* (paper presented at the eighth Papua New Guinea Mining and Petroleum Investment Conference: Challenging future directions and adding value, Sydney, 6–7 December 2004).
- <sup>25</sup> See John Henderson and Benjamin Reilly, Dragon in paradise: China's

- rising star in Oceania. *National Interest*, No 72, 2003.
- <sup>26</sup> See Robert Kaplan, How we would fight China. *Atlantic Monthly*, Vol 295, No 5, 2005.
- <sup>27</sup> China recently agreed helped to fund the Highlands Highway: Alex Rheeney, China highway offer praised. *Post-Courier*, 2005, p 8.
- <sup>28</sup> Susan Windybank, The China syndrome. *Policy*, Vol 21, No 2, 2005, p 32.
- <sup>29</sup> On the unlikelihood of China lodging itself in the archipelago to Australia's north see Dupont, Transformation or stagnation? Rethinking Australia's defence. p 62.
- <sup>30</sup> Windybank notes that 'China has no experience in open-cut mining in the tropics. It also has a very poor mine safety record': Windybank, The China syndrome. p 32.
- <sup>31</sup> Australia raised this issue with China as part of the follow-up to the first Australia-China officials' talks on South Pacific issues in April 2005. China has indicated that it is happy to explore further cooperation.
- <sup>32</sup> In 2004, Indonesia received only 3.2 per cent of all Papua New Guinea exports and 2.6 per cent of Indonesia's exports went to Papua New Guinea. These figures would not, however, capture unregulated cross-border trade.
- <sup>33</sup> Dorney, *Papua New Guinea: people, politics and history since 1975*. p 201.
- <sup>34</sup> This is now known as the Indonesian province of 'Papua' — not to be confused with the region of the same name formerly administered by Australia. Opponents of Indonesian rule refer to the area as West Papua.
- <sup>35</sup> Prime ministerial aspirant Iambakey Okuk campaigned on the Irian Jaya issue in the 1982 elections without success. More recently, Papua New Guinea opposed the attendance of a West Papuan (and OPM member) representative (who was part of the Vanuatu delegation) at the last Melanesian Spearhead Group official talks. Indonesia has unsuccessfully sought to observer status at the Melanesian Spearhead Group (it has been blocked by Vanuatu), but Indonesia has been approved as a dialogue partner to the Pacific Islands Forum.
- <sup>36</sup> The flight of more than 10,000 Papuans to Papua New Guinea in August 1984 was probably Melanesia's largest refugee movement, but this was brought about by exceptionally draconian Indonesian military sweeps against the OPM.
- <sup>37</sup> According to Papua New Guinea's Internal Security Minister Bire Kimisopa, Chinese syndicates have bought bureaucrats 'throughout the system' and have even tried to kill people who had crossed them: Jane's Information Group, Chasing the dragon in the South Pacific. *Jane's Foreign Report*, No 2855, 2005. See also Mark Forbes, Mafia, corrupt police cripple PNG bid for law and order. *Age*, 16 February 2005, p 1; Mark Forbes, The ticking crime bomb on our doorstep. *Age*, 19 February 2005, p 4. The speed of this development is indicated by the fact that 20 years ago it was possible for the authors of a seminal report on law and order to conclude that that Papua New Guinea 'would appear to have no real problem of organised crime such as that troubling its southern neighbours': William Clifford, Louise Morauta and Barry Stuart, *Law and order in Papua New Guinea: report and recommendations*. Port Moresby, Institute of National Affairs and Institute of Applied Social and Economic Research, 1984, p 27.
- <sup>38</sup> National security must be upheld. *Post-Courier*, 9 August 2005, p 10.
- <sup>39</sup> Susan Windybank and Mike Manning, *Papua New Guinea on the brink*. Centre for Independent Studies, 2003: <http://www.cis.org.au/IssueAnalysis/ia30/ia30.pdf>. p 12.
- <sup>40</sup> See, for example, Elsinia Wainwright, Neighbour in need of assistance. *Australian*, 14 December 2004, p 13. Rowan Callick, PNG risks terrorism, financial ruin. *Australian Financial Review*, 12 March 2003; Geoffrey Barker, The arc of instability. *Australian Financial Review*, 1 August 2002, p 61.
- <sup>41</sup> Mary-Louise O'Callaghan, PNG uneasy about its Islamic dimensions. *Australian*, 25 November 2000, p 12; Barney Orere, Muslims open up new school in Oro. *Post-Courier*, 1 April 2004, p 5.
- <sup>42</sup> World Bank, *Fragile states: the LICUS initiative*. <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/STRATEGIES/EXTLICUS/0,contentDK:20176979~menuPK:511786~pagePK:64171531~piPK:64171507~theSitePK:511778,00.html#glance>.
- <sup>43</sup> It has been claimed that the region has previously experienced 'cross-infection' between 'coups in Fiji, insurrection in Bougainville, and violence in the Solomon Islands: White and Wainwright, *Strengthening our neighbour: Australia and the future of Papua New Guinea*. p 17.
- <sup>44</sup> Windybank and Manning. *Papua New Guinea on the brink*. p 12.
- <sup>45</sup> Ross Babbage, *The strategic significance of Torres Strait*. Canberra, Strategic



- and Defence Studies Centre, Research School of Pacific Studies, Australian National University, 1990, p iv. Babbage also concludes that ‘were an opponent forced to conduct offensive operations from the island of New Guinea into Cape York, large scale surface movements would almost certainly pass down the region’s flanks, most credibly on the western side’.
- <sup>46</sup> Peter Michael, Cairns linked to ‘drugs-for-guns’. *Cairns Post* 1, 2005.
- <sup>47</sup> One option would be to increase airport security on York and Horn islands. It is currently possible to fly direct from these islands to Cairns without passing through any checks.
- <sup>48</sup> Although Hasluck’s opinion of the colonial administration was generally low, many of its members approached their work with similar idealism: see Stuart Doran, Knowing best. *Journal of Pacific History*, Vol 40, No 3, 2005 (forthcoming). Australians who associated with the independence movement were frequently similarly idealistic.
- <sup>49</sup> Especially if the long-deferred Papua New Guinea–Australia gas pipeline comes on line. Total Papua New Guinean investment in Australia for 2003 was only A\$107 million. Total Australian investment in Papua New Guinea for 2003 was A\$212 million. In 2004 Australian exports of services to Papua New Guinea were worth A\$345 million (1 per cent of total Australian service exports). Merchandise exports were worth A\$924 million (0.8 per cent). In 2003 Australia was the main destination of Papua New Guinean exports (27.3 per cent) and the main source of Papua New Guinea’s imports (44 per cent): Australian Bureau of Statistics, *International investment position — Australia*. Australian Bureau of Statistics, 2004, pp 14, 59.
- <sup>50</sup> Assessed in purely utilitarian terms, Australian aid spent in countries with better governance might lift more people out of poverty.
- <sup>51</sup> Ivan Cook, *Australians speak 2005: public opinion and foreign policy*. Sydney, Lowy Institute for International Policy, 2005, p 12. They were asked ‘when you think about the following countries groups or regions of the world do you have positive or negative feelings about them?’ Papua New Guinea came in above the US (58 per cent) and Indonesia (52 per cent) but below Malaysia (62 per cent).
- <sup>52</sup> The opening of the Isurava War Memorial on the Kokoda track by Prime Ministers John Howard and Michael Somare on 14 August 2002 provides some indication of this increasing interest: see Hank Nelson, Kokoda: the track from history to politics. *Journal of Pacific History*, Vol 38, No 1, 2003. Growing interest is also indicated by the publication of three recent books: Peter FitzSimons, *Kokoda*. Sydney, Hodder Headline Australia, 2004; Paul Ham, *Kokoda*. Sydney, HarperCollins, 2005; Peter Brune, *A bastard of a place: the Australians in Papua, Kokoda, Milne Bay, Gona, Buna, Sanananda*. Sydney, Allen & Unwin, 2003. The experiences of some 5,000 Australian peace monitors — sourced from Commonwealth Government departments — in Bougainville from 1997 to 2002 has also raised Papua New Guinea’s profile at the official level.
- <sup>53</sup> See Rowan Callick, Dreams undone. *Australian Financial Review*, 29 July 2005, p 36.
- <sup>54</sup> Ronald J. May, *State and society in Papua New Guinea: the first twenty-five years*. ANU E Press 2004: [http://epress.anu.edu.au/sspng/pdf\\_instructions.htm](http://epress.anu.edu.au/sspng/pdf_instructions.htm), p 1.
- <sup>55</sup> Hegarty also noted ‘an interesting divergence of views on Papua New Guinea’s economic future between development economists on the one hand and financiers, brokers, mining companies and risk insurers’: David Hegarty, *Papua New Guinea: at the political crossroads?* Working Paper, Australian National University, Strategic and Defence Studies Centre, No 177, 1989, p 12.
- <sup>56</sup> World Bank, *Interim Country Assistance Strategy for Papua New Guinea: executive summary*. 2005: <http://siteresources.worldbank.org/INTPAPUANEWGUINEA/Resources/Executive-Summary.pdf>. Asian Development Bank, *Country assistance program evaluation for PNG*. 2003: [http://www.adb.org/Documents/CAPES/PNG/cap\\_png\\_200324.pdf](http://www.adb.org/Documents/CAPES/PNG/cap_png_200324.pdf).
- <sup>57</sup> Unless otherwise specified economic data cited in this paper is drawn from the World Bank’s World Development Indicators.
- <sup>58</sup> For a contrary view see Tim Curtin, *How poor is Papua New Guinea? How rich could it be?* Resource Management in Asia–Pacific Program, Research School of Pacific and Asian Studies, Australian National University 2004: [http://www.timcurtin.com/images/how\\_poor.pdf](http://www.timcurtin.com/images/how_poor.pdf). Curtin argues that GDP per capita has actually grown at 3.63 per cent per annum since 1974–75. He assumes a much lower rate of population growth based on the 1980 census which, he argues, is more reliable than the 2000 census (the latter shows many more people alive in the 20 to 29 age groups than were in the 0 to 9 age group in 1980). He also takes issue with the Bank of Papua New Guinea’s use of 1983 as the base year for estimates of real GDP.

- <sup>59</sup> The extent of this decline depends upon how it is measured. In constant 1995 US\$ Papua New Guinea's per capita GDP declined from US\$1,091 in 1994 to US\$870 in 2002 while in current US\$ the decline was from US\$1,200 in 1994 to US\$580 in 2002. In purchasing power parity (PPP) terms, the country's per capita GDP declined from a peak of US\$2,641 in 1994 to US\$2,165 by the end of 2002. See Economic Analytical Unit Department of Foreign Affairs and Trade, *Papua New Guinea — the road ahead*. Canberra, Department of Foreign Affairs and Trade, 2004, p 4.
- <sup>60</sup> Ibid. p xvi. Warner and Yaueib claim that recent growth has been more broadly based. See Bob Warner and Anthony Yaueib, The Papua New Guinea economy. *Pacific Economic Bulletin*, Vol 20, No 1, 2005, p 3.
- <sup>61</sup> See Warner and Yaueib, The Papua New Guinea economy. p 3.
- <sup>62</sup> The literacy figures are taken from AusAID, *The contribution of Australian aid to Papua New Guinea's development, 1975–2000: provisional conclusions from a rapid assessment*. Canberra, AusAID, 2003. It is interesting to note Papua New Guinea's National Census (2000) reports a much lower life expectancy at birth (54) and a higher infant mortality rate (64 per 1,000).
- <sup>63</sup> Ibid. p ix.
- <sup>64</sup> If these statistics are to be believed Bougainville's relatively good social indicators were not dramatically affected by the crisis. This may reflect census results taken from the least affected areas, that is, Buka.
- <sup>65</sup> Although the Australian administration was able to put a lid on tribal fighting for many years, there was a resurgence of fighting in the final four years: Hank Nelson, Our great task. *Meanjin*, Vol 62, No 3, 2003, p 132. The economic growth achieved during the administration is more impressive given that during this period Australia withheld from exploiting some natural resources in order to avoid pre-empting the national government: see Ross Garnaut's comments in Australian National University, *Hindsight: workshop for participants in the decolonisation of Papua New Guinea* (Canberra, Australian National University, 3–4 November 2002).
- <sup>66</sup> In short: tribal fighting, secessionism and the Indonesian border: Hank Nelson, Our great task. *Meanjin*, September 2003.
- <sup>67</sup> The distinction between Melanesia and Polynesia is not entirely clear-cut. Melanesia includes East Timor, Indonesian Papua, Papua New Guinea, the Solomon Islands, Fiji, Vanuatu and New Caledonia. Polynesia includes

- Samoa, Tonga, Tahiti, Easter Island, New Zealand and Hawai'i. The generally better economic performance of the Polynesian states has been attributed to their greater homogeneity, more hierarchical traditions, and larger diaspora, among other things.
- <sup>68</sup> Consequently the questions of viability raised about these small states are rarely asked about Papua New Guinea (although other questions are).
- <sup>69</sup> See, for example, Commonwealth Treasury, 'Putting the Enhanced Cooperation Package to the test' — a response. *Pacific Economic Bulletin*, Vol 19, No 1, 2004, p 77; Department of Foreign Affairs and Trade, *Papua New Guinea — the road ahead*. p 7.
- <sup>70</sup> In 2002, life expectancy at birth in the Solomon Islands was 68.7 years; in Papua New Guinea it was 57.4 years.
- <sup>71</sup> In 1977 life expectancy in Papua New Guinea was 50 years and in the Solomon Islands it was 58 years. Since then life expectancy has improved slightly faster in Solomon Islands, especially during the 1990s when life expectancy in Papua New Guinea plateaued.
- <sup>72</sup> History provides an arguable explanation, although the Solomon Islands were discovered in the sixteenth century and neighbouring Bougainville was only discovered in the eighteenth century.
- <sup>73</sup> United Nations, *Human development report 2005: international cooperation at a crossroads: aid, trade and security in an unequal world*. New York, United Nations Development Programme, 2005.
- <sup>74</sup> For example Charles Tapp argues that 'the bottom line is, compared to other former colonies or protectorates, PNG is a success story': Peter Cotton, PNG celebrates 25 years of independence. *Focus*, 2000, p 5. For a contrary view see Windybank and Manning, *Papua New Guinea on the brink*. For other comparisons see: AusAID, *The contribution of Australian aid to Papua New Guinea's development, 1975–2000: provisional conclusions from a rapid assessment*. This report compares Papua New Guinea's performance with baskets of countries defined either by their wealth (that is, High Performing Countries, Lower Middle Income Countries, and Low Income Countries) or by their region (East Asia and the Pacific) with the unsurprising conclusion that Papua New Guinea does progressively worse against better performing countries. The geographic category 'East Asia and the Pacific' is not very meaningful given the wide disparity between 'East Asia' and 'the Pacific'.

- <sup>75</sup> The World Bank recently terminated a loan in response to Papua New Guinea's refusal to make reforms in forestry.
- <sup>76</sup> For a more detailed analysis see David Kavanamur, Henry Okole, Michael Manning & Theodore Levantis, *Understanding reform in Papua New Guinea: an analytical evaluation*. Port Moresby, Institute of National Affairs, June 2004.
- <sup>77</sup> L.W. Hanson, B.J. Allen, R.M. Bourke, & T.J. McCarthy, *Papua New Guinea rural development handbook*. Canberra, Land Management Group, Australian National University, 2001, p 10. For a critique of this study's failure to consider the potential of forestry see Curtin, *How poor is Papua New Guinea? How rich could it be?*, p 10.
- <sup>78</sup> The kina was floated in October 1995.
- <sup>79</sup> Sebastian Mallaby, The democracy trap. *Washington Post*, 25 April 2005, p A19. Resource profits have accounted for much more than 20 per cent of Papua New Guinea's GDP for most of its history but have accounted for just above 10 per cent of GDP in 2004. Agriculture accounted for more than 40 per cent: Bob Warner and Anthony Yauieb, The Papua New Guinea economy.
- <sup>80</sup> Jim Fingleton, Is Papua New Guinea viable without customary groups? *Pacific Economic Bulletin*, Vol 19, No 2, 2004, p 97.
- <sup>81</sup> For example the Incorporated Land Groups Act which allows for customary land owners to incorporate in order to improve the distribution of royalties from resource projects.
- <sup>82</sup> Hernando de Soto, *The mystery of capital: why capitalism triumphs in the West and fails everywhere else*. New York, Basic Books, 2000.
- <sup>83</sup> See Steven Gosarevski, Helen Hughes and Susan Windybank, Is Papua New Guinea viable?, *Pacific Economic Bulletin*, Vol 19, No 1, 2004.
- <sup>84</sup> See Steven Gosarevski, Helen Hughes, & Susan Windybank, Is Papua New Guinea viable with customary land ownership? *Pacific Economic Bulletin*, Vol 19, No 3, 2004; David Lea, Can democratic reform enhance Papua New Guinea's economic performance? *Pacific Economic Bulletin*, Vol 19, No 1, 2004.
- <sup>85</sup> The most frequently cited example is West New Britain's palm oil industry. See Fingleton, Is Papua New Guinea viable without customary groups? On the productive mobilisation of customary land in Papua New Guinea see R. Michael Bourke, Agricultural production and customary land in Papua New Guinea, in *Privatising land in the Pacific: a defence of customary*

- tenures*. Jim Fingleton (ed.), *Discussion Paper*. Canberra, Australia Institute, 2005, pp 6–16; and Holznecht in Tim Curtin, Hartmut Holznecht, & Peter Larmour, Land registration in Papua New Guinea: competing perspectives. *State Society and Governance in Melanesia: Discussion Paper* 2003/1, 2003.
- <sup>86</sup> There is great confusion in the debate about customary land tenure for which both sides are responsible. Opponents of customary tenure obstinately persist in equating it with communal title, while proponents misleadingly equate customary title with 'a modern joint-stock company (which) might just as well be called a communistic enterprise'. Stock in such a company is a private right which can be sold: Jim Fingleton (ed.), *Privatising land in the Pacific: a defence of customary tenures*, Discussion Paper No 80, Canberra, Australia Institute, 2005, p ix.
- <sup>87</sup> Jim Fingleton, Land matters for PNG to decide. *Post-Courier*, 29 March 2005, p 11.
- <sup>88</sup> See, for example, Australian National University, *Hindsight: workshop for participants in the decolonisation of Papua New Guinea*.
- <sup>89</sup> Satish Chand, Papua New Guinea economic survey: transforming good luck into policies for long-term growth. *Pacific Economic Bulletin*, Vol 19, No 1, 2004. This is the rationale underlying Australia's ECP. For a critique of this rationale see Craig Sugden, Putting the enhanced cooperation program to the test. *Pacific Economic Bulletin*, Vol 19, No 1, 2004.
- <sup>90</sup> Jerry Singirok, The use of illegal guns: security implications for Papua New Guinea. *State Society and Governance in Melanesia: Discussion Paper* 2005/5, 2005, p 2. On 28 April 2005 Radio Australia reported that a tribal fight between Chimbu clans had left 20,000 homeless. The fight reportedly began during and was related to the 2002 elections.
- <sup>91</sup> See Clifford, Morauta and Stuart, *Law and order in Papua New Guinea: report and recommendations*.
- <sup>92</sup> *Economist*, 10 October 2002. The rating was based on foreigners' perceptions of health and safety, culture and environment, and infrastructure. It is arguable that this assessment is distorted by the fact that the majority of respondents were probably Australians who did not have a comparative base.

- <sup>93</sup> Papua New Guinea still has the same number of police that it did at independence. AusAID: *Papua New Guinea and the Pacific — a development perspective*. AusAID 2003: [http://www.ausaid.gov.au/publications/pdf/png\\_pacific\\_development.pdf](http://www.ausaid.gov.au/publications/pdf/png_pacific_development.pdf). p 9.
- <sup>94</sup> Government of Papua New Guinea, *Kimisopa Review of Royal Papua New Guinea Constabulary*, 2004.
- <sup>95</sup> Lowy Institute for International Policy, *Overcoming constraints in Papua New Guinea: proceedings of a Lowy Institute Conference*. Sydney, 18 February 2005.
- <sup>96</sup> This is perhaps due to the increasing role of the churches in delivering education and the fact that schools are less dependant upon recurrent funding than aid posts. Churches run 40 per cent of Papua New Guinea's schools: *Ibid*.
- <sup>97</sup> Department of Foreign Affairs and Trade, *Papua New Guinea — the road ahead*. p 10.
- <sup>98</sup> 'Thousands of kilometres of minor rural roads were built between 1950 and 1970. These connect rural areas with the main road networks. Most were surfaced with local gravel and bridges were constructed from local timber. In the year 2000, many of these roads were in an advanced stage of deterioration. Most lost their surfacing and, in some cases, the foundations and alignments have been destroyed. Many bridges have collapsed. In most areas, trips that once took a few hours can now take days and some roads are only passable in dry weather.' Hanson, Allen, Bourke & McCarthy, *Papua New Guinea rural development handbook*. p 12.
- <sup>99</sup> D. Kaufmann, A. Kraay, & M. Mastruzzi, Governance Matters IV: Governance Indicators for 1996–2004, *Draft, May 9, 2005*, World Bank World Development Indicators. Available: <http://www.worldbank.org/wbi/governance/pubs/govmatters4.html>.
- <sup>100</sup> World Bank, *World Bank Group work in low-income countries under stress: a task force report*. 2002: <http://www.eldis.org/static/DOC18211.htm>.
- <sup>101</sup> Department for International Development, *Why we need to work more effectively in fragile states*. 2005: <http://www.dfid.gov.uk/pubs/files/fragilestates-paper.pdf>. p 7.
- <sup>102</sup> AusAID, Handle with care: fragile states. *Focus*, June–August 2005. The journal *Foreign Policy* compiled a far more detailed 'failed states index' but had not, at the time of writing, ranked the states of Oceania.
- <sup>103</sup> Department for International Development, *Why we need to work more effectively in fragile states*.
- <sup>104</sup> For example Papua New Guinea is seen as more politically stable than Azerbaijan, Bangladesh, and (surprisingly) Indonesia. Rule of law is stronger in Papua New Guinea than in Bangladesh, Ethiopia or Chad. Its government is more effective than that of Laos, Paraguay, or Myanmar and it is not as corrupt at Cambodia, Laos, or Bangladesh (or the regional average for the former Soviet Union).
- <sup>105</sup> Papua New Guinea's Highlands were first explored by outsiders in the late 1920s and some groups were almost completely isolated from foreign contact — and often from one another — until the 1960s.
- <sup>106</sup> Department of Foreign Affairs and Trade, *Papua New Guinea — the road ahead*. p 3.
- <sup>107</sup> *Ibid*. p 53.
- <sup>108</sup> A conclusion underscored by the mixed benefits Papua New Guinea has reaped from its resource dependency.
- <sup>109</sup> From a position of near collapse in 1999, NASFUND has achieved a year-on-year growth rate of more than 35 per cent since becoming independent: Department of Foreign Affairs and Trade, *Papua New Guinea — the road ahead*. p 68. Although the Central Bank has maintained its independence, the clumsy way in which it has gone about removing foreign exchange controls has raised doubts about the quality of its management.
- <sup>110</sup> See Warner and Yauieb, *The Papua New Guinea economy*.
- <sup>111</sup> Presentation given at the Lowy Institute / Australian National University, Papua New Guinea update, Sydney, 5 July 2005.
- <sup>112</sup> There were 77,785 persons on the central payroll system in 2002, an increase of 10 per cent since 1999: Department of Foreign Affairs and Trade, *Papua New Guinea — the road ahead*. p 81.
- <sup>113</sup> The (1988–1992) Namaliu Government managed the sudden loss of 40 per cent of Papua New Guinea's export income following the closure of the Bougainville copper mine (and before being rescued by the opening of Ok Tedi) by implementing a difficult program of cuts and reforms. Ok Tedi's opening was followed by Papua New Guinea's biggest economic boom (the economy grew by 47.5 per cent from 1991–1993) and then its longest slump (1995–2002).
- <sup>114</sup> Even the much-lauded (1999–2002) Morauta Government indulged in a pre-election splurge, producing a much larger than anticipated budget deficit.

- <sup>115</sup> Graham Dwyer, Papua New Guinea's quiet killer. *ADB Review*, Vol 36, No 2, 2004. South Africa does not offer a good model of HIV prevention, but the challenges in Papua New Guinea, especially because of the dispersed population, are in many ways greater.
- <sup>116</sup> Centre for International Economics, *Potential economic impacts of an HIV/AIDS epidemic in Papua New Guinea*. 2002: [http://www.ausaid.gov.au/publications/pdf/hivaidns\\_png.pdf](http://www.ausaid.gov.au/publications/pdf/hivaidns_png.pdf).
- <sup>117</sup> UNAIDS 2005, M, Perry, 2005, PNG police beat, rape children, says rights report, *Reuters News*, 31 August 2005, Z. Coursen-Neff, Making their own rules: police beatings, rape, and torture of children in Papua New Guinea. *Human Rights Watch*, September 2005, Vol 17, No 8 (C).
- <sup>118</sup> The Global Fund is a funding body that attracts, manage, and disburse resources to fight HIV, tuberculosis and malaria, managed by an international board that includes representatives of donor and recipient governments, non-governmental organisations, and the private sector, including the World Health Organisation and the World Bank. A\$20 million has been allocated for anti-retroviral treatment, education, and treatment facilities for the next five years (Global Fund website 2005).
- <sup>119</sup> Papua New Guinea recorded by far its highest budget deficits as a percentage of GDP during the 1991–1994 mining boom (4.6 per cent, 5.6 per cent, 5.9 per cent and 2.5 per cent respectively).
- <sup>120</sup> According to Manning the 'Electoral Development Fund' grant is now valued at K1–1.5 million: Michael Manning, Papua New Guinea thirty years on. *Pacific Economic Bulletin*, Vol 20, No 1, 2005, p 150.
- <sup>121</sup> Henry Okole, Enhancing nation building through the provincial government system in Papua New Guinea: overtures towards federalism, in *Building a nation in Papua New Guinea: views of the post-Independence generation*. David T. Kavanamur, Charles Yala, & Quinton Clements (eds), Canberra, Pandanus Books, 2003, p 56.
- <sup>122</sup> Benjamin Reilly uses the example of Melanesia to dispute the proposition that functioning democracy depends upon ethnic homogeneity. He argues that democracy is most resilient in states with the highest *and* the lowest levels of ethnic diversity (and provides a bell curve to demonstrate this): Benjamin Reilly, Democracy, ethnic fragmentation, and internal conflict: confused theories, faulty data, and the 'crucial case' of Papua

- New Guinea. *International Security*, Vol 25, No 3, 2000/01.
- <sup>123</sup> See Laurence Goldman, 'Hoo-Ha in Huli': considerations on commotion and community in the Southern Highlands Province of Papua New Guinea. *State Society and Governance in Melanesia: Discussion Paper 2003/8*, 2003.
- <sup>124</sup> On the social disintegrative effects of the sudden in-flow of wealth see Colin Filer, The escalation of disintegration and the reinvention of authority, in *The Bougainville crisis: 1991 update*. Matthew Spriggs and Donald Denoon (eds), Bathurst, Crawford House Press, 1992.
- <sup>125</sup> Singirok, The use of illegal guns: security implications for Papua New Guinea in Joseph Ketan, *The name must not go down: political competition and state-society relations in Mount Hagen, Papua New Guinea*. Suva, Institute of Pacific Studies, University of the South Pacific, 2004, pp 179–187.
- <sup>126</sup> See Ketan, *The name must not go down: political competition and state-society relations in Mount Hagen, Papua New Guinea*. p 181.
- <sup>127</sup> Although there are no reliable statistics it seems clear that more people have died in violence in the Highlands than on Bougainville (in total and in particular incidents).
- <sup>128</sup> A recent study asserted that, contrary to popular belief, most weapons in the Highlands were not smuggled into the country but obtained illegally from Papua New Guinea's security forces. The study also found that Australian and New Zealand export controls had significantly increased the price of bullets in Papua New Guinea. Given the paucity of reliable data it is difficult to know how much weight to give to these findings. Lloyd Jones. *Aust ammo bans curb shootings in PNG: Sydney researcher* [Factiva]. Australian Associated Press, 21 April 2005.
- <sup>129</sup> See Isaac Wai and Paul Maia, What we do in Saraga: building community peace and harmony. *Development Bulletin*, No 67, 2005.
- <sup>130</sup> According to its strategy document the government aims to discourage urban drift by improving conditions for the rural majority through enhanced service delivery and increasing income-earning opportunities: Government of Papua New Guinea, *The Medium Term Development Strategy 2005–2010*. 2004: [http://www.lawandjustice.gov.pg/resources/documents/MTDS\\_2005-2010.pdf](http://www.lawandjustice.gov.pg/resources/documents/MTDS_2005-2010.pdf). p 47. It is worth noting that customary land ownership and Papua New Guinea's weak transport infrastructure also discourage urbanisation, a fact which militates against government action in either

of these areas. The lack of private property rights, however, can increase tensions in urban areas (see Chapter 1) and the lack of roads makes it harder for disappointed migrants to leave Port Moresby (but not Lae).

- <sup>131</sup> The Bougainville peace agreement still faces a number of potential pitfalls but it is highly unlikely that Papua New Guinea will have the will, capacity, or any incentive to reassert itself militarily over the island in the foreseeable future. However, Bougainville's internal conflicts are unresolved. The group led by the late Francis Ona — the Me'ekamui Defence Force — still denies the legitimacy of the new autonomous government.
- <sup>132</sup> The Consultative Implementation and Monitoring Committee (CIMC) played an instrumental role in lobbying for and drafting the *Security (Protection) Industry Act* 2004. It has also established the Family and Sexual Violence Action Committee in all but one province, providing dispute resolution training, family support centres, and counselling and legal services for survivors of family and sexual violence: Barbara Tomi and Nick Menzies, The Consultative Implementation and Monitoring Council. *Development Bulletin*, No 67, 2005.
- <sup>133</sup> See Rowan Callick, On a business high in the PNG Highlands. *Australian Financial Review*, 24 February 2005, p 60.
- <sup>134</sup> Bill Standish, *Limited preferential voting: some early lessons* (paper presented at the Lowy Institute Conference: Overcoming constraints in Papua New Guinea, Sydney, 18 February 2005), p 10.
- <sup>135</sup> A particular problem is that successful Papua New Guineans have little interest in publicising their success if this means exposure to more demands. For accounts of the two conferences see David Hegarty and Pamela Thomas (eds), *Effective development in Papua New Guinea: local initiatives and community innovation*, *Development Bulletin*, No 67, Canberra, Development Studies Network, Research School of Social Sciences, Australian National University, 2005; and Lowy Institute for International Policy, *Overcoming constraints in Papua New Guinea: proceedings of a Lowy Institute Conference*.
- <sup>136</sup> See Tingneo Mandan and Harmut Holzknacht, *Nanak mutuk: development through self-reliance in the Burum Valley*. *Development Bulletin*, No 67, 2005. As noted above, even urban 'community justice' organisations have been organised along ethnic lines: Wai and Maia, What we do in Saraga:

building community peace and harmony. In organisations like this there can be a fine line between local self-help and vigilantism.

- <sup>137</sup> For an account of a 'civil society' organisation that is both tribal and deeply religious see Paul Petrus, Keeping the covenant: seventy years of peace for the Moge Nambka Melimp and its leaders. *Development Bulletin*, No 67, 2005.
- <sup>138</sup> Anthony J. Regan, Clever people solving difficult problems: perspectives on weakness of the state and the nation in Papua New Guinea. *Development Bulletin*, No 67, 2005, p 10.
- <sup>139</sup> Benedict R. Anderson, *Imagined communities: reflections on the origin and spread of nationalism*. London, Verso, 1991, p 6.
- <sup>140</sup> The term 'social capital' was coined by Robert Putnam to describe the social qualities which he argued underlie better development in some parts of Italy: Robert Putnam, *Making democracy work: civic traditions in modern Italy*. Princeton, Princeton University Press, 1993. The World Bank defines social capital as 'informal rules, norms and long-term relationships': The World Bank's 1997 World Development report, p 114, cited in Paolo de Renzio and David Kavanamur, Tradition, society and development: social capital in Papua New Guinea. *Pacific Economic Bulletin*, Vol 14, No 2, 1999, p 38. The term 'civil society' dates back to Hobbes, Locke, Rousseau, and Kant but its meaning has changed considerably during the years. Its latest revival as 'non-state society' owes much to the role of civil society in ending communism in Eastern Europe: Lee Corbett, *On civil society*. Australian Review of Public Affairs, 7 March 2005: <http://www.australianreview.net/digest/2005/03/corbett.html>.
- <sup>141</sup> Douglass C. North, Needed: a theory of change, in *Frontiers of development economics: the future in perspective*. Gerald M. Meir and Joseph E. Stiglitz (eds), Oxford, Oxford University Press, 2001, p 491.
- <sup>142</sup> See for example, Department for International Development, *Why we need to work more effectively in fragile states*. p 14.
- <sup>143</sup> According to Ethnologue, Papua New Guinea has 820 living languages and 10 extinct languages. The number of speakers varies from several hundred to more than 150,000 (Enga). See Raymond G. Gordon, Jr. (ed.), *Ethnologue: languages of the world* (15 edn). Dallas, SIL International. Online version 2005: <http://www.ethnologue.com>.

- <sup>144</sup> In Papua New Guinea the probability is 99 per cent. Comparably dense pockets of languages exist in parts of Central America, West Africa, South Asia (especially the tribal regions of Northeast India) and Southeast Asia (especially Melanesian Indonesia). The Melanesian states Vanuatu (115 languages) and the Solomon Islands (70) come closest to Papua New Guinea in terms of ethno-linguistic diversity: Raymond G. Gordon, Jr. (ed.), *Ethnologue: languages of the world* (15 edn). Dallas, SIL International. Online version 2005: <http://www.ethnologue.com>.
- <sup>145</sup> Hallpike reports that the three Goilala languages are mutually unintelligible (less than 10 per cent of cognates) but that 'it does not follow from this, however, that any of these groups conceives itself as a political or cultural unit, or that differences of language or custom on the border between two groups appears to produce any more hostility than is normal for this area'. Christopher R. Hallpike, *Bloodshed and vengeance in the Papuan mountains: the generation of conflict in Tauade society*. Oxford, Clarendon Press, 1977, p 44.
- <sup>146</sup> William A. Foley, The languages of New Guinea. *Annual Review of Anthropology*, No 29, 2000, p 358.
- <sup>147</sup> 'Despite some difficulties encountered in early attempts to categorize the various units according to size and functional criterion, these group levels, from the largest to the smallest, are: *coalition-style alliances, tribe-pair, tribe, tribe section, clan, clan section, sub-clan, sub-sub clan and lineage*'. Ketan, *The name must not go down: political competition and state-society relations in Mount Hagen, Papua New Guinea*. p 86.
- <sup>148</sup> See for example Alex Golub, *Uncommon properties: ambiguity and anticommons in Papua New Guinea's mining industry* (paper presented at the Association for Social Anthropology in Oceania conference, 2005), p 8. Moore proposes that the 'most straightforward' approach is cultural spheres 'separated by frontiers rather than hard boundaries, each with core and fringe areas, based on human population density and form centres ... culture-area is an obsolete concept which fails to denote adequately the dynamic relationships of New Guinea culture history and demographic and environment change. Spheres have frontiers rather than boundaries. Frontiers describe the zones in which spheres meet and compete or, through occupation, reduce uncontested margins. Within a sphere, contiguous segments are linked or separated (as the case may be) by marriage, mobility, migration, trade, exchange, alliance, warfare, ideological difference'; and Clive Moore, *New Guinea: crossing boundaries and history*. Honolulu, University of Hawai'i Press, 2003, p 42.
- <sup>149</sup> Colin Filer, The Bougainville rebellion, the mining industry and the process of social disintegration in Papua New Guinea, in *The Bougainville crisis*. Ronald J. May and Matthew Spriggs (eds), Bathurst, Crawford House Press, 1990.
- <sup>150</sup> There is, however, some debate about this generalisation. Some have argued that a pre-colonial concept of inherited leadership existed in the coastal areas and on some islands: see May, *State and society in Papua New Guinea: the first twenty-five years*. pp 203–236.
- <sup>151</sup> The conceptual distinction is that membership of civil society organisations is voluntary and thus family is excluded from most definitions of civil society. But the decline in the importance of the extended family in the industrialised world partly explains the attempt to establish new communities, in the form of civil society organisations.
- <sup>152</sup> However, Moore also cautions against the assumption that 'increasingly complex trading cycles are necessarily an early stage in the evolution of proto-states': see Moore, *New Guinea: crossing boundaries and history*. p 46.
- <sup>153</sup> On warfare in the Highlands see Ketan, *The name must not go down: political competition and state-society relations in Mount Hagen, Papua New Guinea*. pp 158–216.
- <sup>154</sup> Foley argues that this process, known as esoterogeny, explains the extraordinary number of languages in the Ramu–Sepik basin: Foley, The languages of New Guinea. p 358.
- <sup>155</sup> *Ibid.* 358.
- <sup>156</sup> Several of the smaller languages are close to extinction: Steven Winduo, Are we happy losing languages?, 8 March 2005: <http://www.postcourier.com.pg/20050308/focus.htm>.
- <sup>157</sup> Benjamin Reilly, Ethnicity, democracy and development in Papua New Guinea. *Pacific Economic Bulletin*, Vol 19, No 1, 2004, p 51. See also Benjamin Reilly and Robert Phillpot, 'Making democracy work' in Papua New Guinea: social capital and provincial development in an ethnically fragmented society. *Asian Survey*, Vol 42, No 6, 2002.

- <sup>158</sup> A number of theorists have asserted this relationship. For a survey of that argument see Reilly, Ethnicity, democracy and development in Papua New Guinea.
- <sup>159</sup> The study is K. de Albuquerque and E. D'Sa, *Spatial inequalities in Papua New Guinea: a district level analysis*. Port Moresby, Institute for Applied Economic and Social Research (IASER), Discussion Paper, No 48, 1986. The coastal provinces of Morobe, Madang and Sandaun are in the bottom six while Simbu and the Western Highlands make it to twelfth and thirteenth respectively. A quick survey of Papua New Guinea's most recent census produces roughly similar rankings.
- <sup>160</sup> The latter is derived from Hanson, Allen, Bourke & McCarthy, *Papua New Guinea rural development handbook*.
- <sup>161</sup> Reilly and Phillpot, Making democracy work. In Papua New Guinea: social capital and provincial development in an ethnically fragmented society. pp 921–922.
- <sup>162</sup> The well-developed island provinces were also part of German New Guinea. German New Guinea was administered largely through the German New Guinea Company which was granted an Imperial Charter. As a consequence the German Administration was less directly involved in the day-to-day life of Papua New Guineans than the British or Australian Administrations: Edward P. Wolfers, *Race relations and colonial rule in Papua New Guinea*. Sydney, Australia and New Zealand Book Company, 1975, p 69.
- <sup>163</sup> White and Wainwright, *Strengthening our neighbour: Australia and the future of Papua New Guinea*. pp 34, 47.
- <sup>164</sup> See Heather Rae, *State identities and the homogenisation of peoples*. Cambridge Studies in International Relations, No 84, New York, Cambridge University Press, 2002. This argument does not apply to White and Wainwright's modest proposals.
- <sup>165</sup> See Andre Kamane and Wayne Korarome, Empowering local communities: the Kirapim Hauslain Foundation. *Development Bulletin*, No 67, 2005.
- <sup>166</sup> See May, *State and society in Papua New Guinea: the first twenty-five years*. p 103.
- <sup>167</sup> Reilly uses the example of Melanesia to dispute the proposition that functioning democracy depends upon ethnic homogeneity, arguing that democracy is most resilient in states with the highest and the lowest levels of ethnic diversity (and provides a bell curve to demonstrate this): Reilly, Democracy, ethnic fragmentation, and internal conflict: confused theories, faulty data, and the 'crucial case' of Papua New Guinea.
- <sup>168</sup> Commission for Africa, *Our common interest: report of the Commission for Africa*. 2005: <http://213.225.140.43/english/report/introduction.html#report>. p 125.
- <sup>169</sup> May, *State and society in Papua New Guinea: the first twenty-five years*. pp 319–320, citing Peter Ekeh, Colonialism and the two publics in Africa: A theoretical statement. *Comparative Studies in Society and History*, No 17, 1975, pp 91–112.
- <sup>170</sup> See, for example, Michael Monsell-Davis, *Safety net or disincentive? Wantoks and relatives in the urban pacific*. NRI Discussion Paper, No 72, Boroko, National Research Institute, 1993.
- <sup>171</sup> See, for example, Samuel Kriss Koyama, Reducing agency problems in incorporated land groups. *Pacific Economic Bulletin*, Vol 19, No 1, 2004.
- <sup>172</sup> Regan, Clever people solving difficult problems: perspectives on weakness of the state and the nation in Papua New Guinea. p 10.
- <sup>173</sup> de Renzio and Kavanamur, *Tradition, society and development: social capital in Papua New Guinea*. p 44. The original cargo cults were a particularly Melanesian phenomenon prompted by the seemingly inexplicable arrival of foreign manufactured cargo. See Peter Larmour, *Foreign flowers: institutional transfer and good governance in the Pacific Islands*. Honolulu, University of Hawai'i Press, 2005, pp 28–29.
- <sup>174</sup> Examples of this phenomenon abound. See Australian National University, *Hindsight: workshop for participants in the decolonisation of Papua New Guinea*. Robert Harden, John Fallon & Michael Cunningham, *The economy of Papua New Guinea*. International Development Issues, No 53, Canberra, AusAID, 1999, pp 31–32; May, *State and society in Papua New Guinea: the first twenty-five years*. pp 320–323.
- <sup>175</sup> May, *State and society in Papua New Guinea: the first twenty-five years*. p 16.
- <sup>176</sup> For a perceptive critique of these courses see Michael Morgan, Cultures of dominance: institutional and cultural influences on parliamentary politics in Melanesia. *State Society and Governance in Melanesia: Discussion Papers* (2005/2), 2005.
- <sup>177</sup> See for example, John Henderson, The future of democracy in Melanesia: what role for outside powers? *Asia Pacific Viewpoint*, Vol 44, No 3, 2003, p 228.



- <sup>178</sup> de Renzio and Kavanamur, Tradition, society and development: social capital in Papua New Guinea. p 45.
- <sup>179</sup> In a similar vein the late Tony Siaguru proposed making the heads of urban households legally responsible for the behaviour of household members — Siaguru had in mind young men who move to the cities, impose themselves on their *wantoks* and then, unable to find work, take up crime. Siaguru argues that this ostensibly draconian measure would make it easier for household heads to resist the demands of interloping relatives: Anthony Siaguru, *In-house in Papua New Guinea with Anthony Siaguru*. Canberra, Asia Pacific Press, 2001, p 179.
- <sup>180</sup> John L. Goldring, *The constitution of Papua New Guinea: a study in legal nationalism*. Sydney, Law Book Company, 1978, p 21.
- <sup>181</sup> Ghai claims that, as result of the ‘paucity of ideas’ in Papua New Guinea at the time, the CPC ‘found itself with a virtual *carte blanche*’: Yash Ghai, Establishing a liberal political order through a constitution: the Papua New Guinea experience. *Development and Change*, No 28, 1997, p 307. For example, Standish quotes John Momis, the CPC’s deputy chair and effective leader, as saying ‘just because people don’t ask for provincial government is no excuse for present leaders to sit back and do nothing, especially when the system is dominated by the bureaucracy’: Bill Standish, Power to the people? Decentralisation in Papua New Guinea. *Public Administration & Development*, Vol 3, No 3, 1983, p 226.
- <sup>182</sup> Section 260 of the Constitution and the Constitutional Commission Act 1973 both stipulate the need for a constitutional review to enquire into the working of the constitution and to recommend amendments to the constitution or laws. The main finding of the final report was that the public (including the nation’s politicians) were widely ignorant of the constitution. The recommendations it proposed were intended to give greater effect to the *intention* of the constitution and to strengthen provisions against corruption and the abuse of human rights. The report was finally ratified by parliament with some changes in 1987, but no action was taken to deal with these proposals: Yash Ghai, Constitutional reviews in Papua New Guinea and Solomon Islands. *The Contemporary Pacific*, Vol 2, No 2, 1990.
- <sup>183</sup> Papua New Guinea’s *Medium Term Development Strategy* 2005–2010, April 2005, was preceded by national consultations but there is little evidence of any hard thinking about national priorities and the resulting documents read

more like a wish-list than a strategy (see Allan Patience, The disappointing MTDS plan. *Post–Courier*, 9 May 2005, p 1). For a discussion of more recent consultations see the Trace Elements blog account of the national gun summit: <http://tracelements.blogspot.com/2005/07/png-guns-control-summit-day-2.html>.

- <sup>184</sup> Morgan, Cultures of dominance: institutional and cultural influences on parliamentary politics in Melanesia. p 5.
- <sup>185</sup> Bougainvilleans have had this opportunity and, drawing on their experience of Papua New Guinean politics, have opted for some original innovations. These include a directly elected President, recallable legislators and a strong emphasis on custom.
- <sup>186</sup> Ghai, Establishing a liberal political order through a constitution: the Papua New Guinea experience. p 307.
- <sup>187</sup> Even the most basic constitutional check put in place by the CPC, the requirement that applicants for citizenship should speak a local language (whether English, Tok Pisin, Hiri Motu or one of the local languages) has been flouted. See Gorothy Kenneth, Shady Chinese in citizenship bid. *Post–Courier*, 16 June 2004, p 3; Gorothy Kenneth, Controversial man on citizenship list. *Post–Courier*, 24 June 2004, p 2.
- <sup>188</sup> This has been said to explain the success of current parliamentarians Mal Smith (East Highlands Regional), Lady Carol Kidu (Moresby South) and Sir Peter Barter (Madang Regional). Small ethnic groups with little prospect of getting their own candidate up are said to be especially likely to support outsiders. See Abby McLeod, Jessica Kemp, Regina Knapp, Ann Lee Lockwood, Michael Morgan & Lila San Roque, *Conflict, development & politics in the Southern Highlands province of Papua New Guinea: Workshop report*. State, Society & Governance in Melanesia Project, Research School of Pacific and Asian Studies, Australian National University 2003: [http://rspas.anu.edu.au/papers/melanesia/conference\\_papers/2003/0305\\_s\\_highlands\\_png\\_Report.pdf](http://rspas.anu.edu.au/papers/melanesia/conference_papers/2003/0305_s_highlands_png_Report.pdf). p 31.
- <sup>189</sup> Kevin Pamba, Notebook. *National*, 31 August 2003, p 5.
- <sup>190</sup> See Andrew Clark, Armed and dangerous: the crisis in Papua New Guinea. *Australian Financial Review*, 2 April 2005, p 30; Department of Foreign Affairs and Trade, *Papua New Guinea — the road ahead*; Chand, Papua New Guinea economic survey: transforming good luck into policies for long-

term growth; Warner and Yauieb, *The Papua New Guinea economy*: see Gosarevski, Hughes and Windybank, *Is Papua New Guinea viable?*

- <sup>191</sup> The government has spoken vaguely of a need for ‘culturally acceptable policies’ to allow our land to be utilized more effectively for economic policies’: see Government of Papua New Guinea, *The Medium Term Development Strategy 2005–2010*. p vi
- <sup>192</sup> It is open to question whether less preoccupied governments would be more focused on these questions. There is little evidence that those immune from the threat of no-confidence motions (that is, in their first eighteen months or final year) devote any more attention to these issues.
- <sup>193</sup> Government of Papua New Guinea, *The Medium Term Development Strategy 2005–2010*. p 59.
- <sup>194</sup> Standish notes that the term ‘warlordism’ has now entered Highland’s pidgin.
- <sup>195</sup> Democracy sceptic Samuel Huntington described post-1974 democracy as the ‘third wave’: Samuel P. Huntington, *The third wave: democratization in the late twentieth century*. Norman, University of Oklahoma Press, 1991. Post-cold war democratisation has been characterised as the ‘fourth wave’.
- <sup>196</sup> Fareed Zakaria, *The future of freedom: illiberal democracy at home and abroad*. New York, W.W. Norton, 2004, p 100.
- <sup>197</sup> Mallaby, *The democracy trap*. Resource profits have accounted for well over 20 per cent of Papua New Guinea’s GDP for much of its history but accounted for just over 10 per cent of GDP in 2004. Agriculture accounted for over 40 per cent: Warner and Yauieb, *The Papua New Guinea economy*. See under Resource Curse in Chapter 2.
- <sup>198</sup> Lea, *Can democratic reform enhance Papua New Guinea’s economic performance?*, p 116.
- <sup>199</sup> It is odd that Lea does not acknowledge these reforms given his reference to Thailand’s central bank and attack on Morauta’s profligacy in the lead-up to the 2002 election. *Ibid.* p 116.
- <sup>200</sup> See May, *State and society in Papua New Guinea: the first twenty-five years*. pp 213–215.
- <sup>201</sup> The culturalist arguments sometimes made that democracy is a Western concept incompatible with local (Asian, Arab, African, and so on) cultures appear less frequently in Melanesia, notwithstanding some ‘nostalgia’ for supposedly traditional authoritarian chiefs. It is even argued that democracy accords better

with Melanesian culture, in particular, its fluid leadership structures: see Tony Deklin, *Culture and democracy in Papua New Guinea: ‘marit tru or giaman marit’?* in *Culture and democracy in the South Pacific*. R. Crocombe, et al. (eds), Suva, Institute of Pacific Studies, University of the South Pacific, 1992.

- <sup>202</sup> Organic Laws are laws which effectively supplement the constitution, although they do not technically become part of it. Their creation, like a constitutional amendment, usually requires a two-thirds absolute majority vote. Organic Laws have been created to implement outstanding recommendations of the CPC. Particular Organic Laws are often referred to as the ‘Organic Law’. This is somewhat confusing as Papua New Guinea has 21 Organic Laws: see Goldring, *The constitution of Papua New Guinea: a study in legal nationalism*. pp 147–148.
- <sup>203</sup> This paper assumes that the Integrity Law and the introduction of limited preferential voting are best understood, respectively, as attempts to improve stability and accountability. A number of less convincing rationales were advanced for the reforms and these are also referred to. The actual motives for the legislation are less clear. John Nonggorr has suggested frankly that both were aimed squarely at reducing corruption and that the rest was window dressing. John Nonggorr, *Personal communication*, 15 June 2005.
- <sup>204</sup> The governments elected in 1977, 1982, and 1987 were replaced by votes of no confidence. The 1992 Wingti Government was replaced after a court finding that Wingti was only caretaker prime minister (he had resigned and then had himself reappointed in an attempt to avoid a vote of no confidence). The 1997 Skate Government was replaced after Prime Minister Skate resigned on the eve of a vote of no confidence. Ghai has argued that changes of government were less destabilising in Papua New Guinea’s early years as there were no major policy differences and the public service provided continuity: Ghai, *Establishing a liberal political order through a constitution: the Papua New Guinea experience*. p 319.
- <sup>205</sup> See Siaguru, *In-house in Papua New Guinea with Anthony Siaguru*.
- <sup>206</sup> *Ibid.* ss 105, 145.
- <sup>207</sup> Anthony Siaguru argued for such an amendment. See *Ibid.* p 13.
- <sup>208</sup> Even in the wake of widespread public outrage at revelations that the Chan Government had secretly negotiated a contract with Sandline mercenaries,

- there was no push from within parliament for a no confidence motion or early elections. Chan resigned in response to publicly supported demands of General Singirok.
- <sup>209</sup> May, *State and society in Papua New Guinea: the first twenty-five years*. p 180.
- <sup>210</sup> In part this resulted from an increase in support for minor parties. Having voted for their preferred prime minister voters felt freer to support minor parties in the legislature.
- <sup>211</sup> Only a registered party is eligible to receive public funding: Government of Papua New Guinea, *Organic Law on the Integrity of Political Parties and Candidates*, 2001, s 53. Each member of parliament will receive K10,000 each year from the Central Fund (public funding): Government of Papua New Guinea, *Organic Law on the Integrity of Political Parties and Candidates*. s 56(2).
- <sup>212</sup> Government of Papua New Guinea, *Organic Law on the Integrity of Political Parties and Candidates*. Section 77 sets out when they must vote with their parties. Section 34 prohibits them from leaving their parties unless the party has breached its own constitution or been declared insolvent. Those who do face investigation by the Ombudsman Commission and referral to a Leadership Tribunal composed of national court judges.
- <sup>213</sup> Parties must have at least 500 financial members. s 28.
- <sup>214</sup> Ghai, Establishing a liberal political order through a constitution: the Papua New Guinea experience. p 312.
- <sup>215</sup> This has not prevented some critics from declaring the Integrity Law a failure. Some of these judgments are based on a misunderstanding of the law's goals. Gelu, for example, mistakenly asserts that the Integrity Law obliges parliamentarians who voted for the prime minister to vote with that prime minister, rather than just in accordance with their political party, on major issues: see Alphonse Gelu, The failure of the Organic Law on the Integrity of Political Parties and Candidates (OLIPPAC). *Pacific Economic Bulletin*, Vol 20, No 1, 2005, p 93.
- <sup>216</sup> See, for example, Frank Senge, Stability carries the balance. *National*, 16 August 2005.
- <sup>217</sup> It is likely that the government will be able to avoid any motions of no-confidence that come up before August 2006, when the second 'grace period' begins, by adjourning parliament.
- <sup>218</sup> Peter Niesi, Guns in Parliament. *Post-Courier*, 13 August 2004, p 1.
- <sup>219</sup> MPs shut off in a city hotel. *Post-Courier* 19 May 2004, p 3.
- <sup>220</sup> Department of Foreign Affairs and Trade, *Papua New Guinea country brief*. 2005: [http://www.dfat.gov.au/geo/png/png\\_brief.html](http://www.dfat.gov.au/geo/png/png_brief.html).
- <sup>221</sup> PNG parliament fails to sit for 63 days. Pacific News Agency Service, 23 July 2004; Watchdog withdraws reference. *Post-Courier*, 22 April 2005, p 1.
- <sup>222</sup> When these questions were subsequently published by the *Post-Courier* he referred the newspaper to the Parliamentary Privileges Committee: Paper to face committee, *Post-Courier*, 3 August 2005, p 1; Unpopular men. *Post-Courier*, 30 August 2002, p 2.
- <sup>223</sup> Louise Baker, Political integrity in Papua New Guinea, and the search for stability. *Pacific Economic Bulletin*, Vol 20, No 1, 2005, p 112.
- <sup>224</sup> Sir William Skate MP.
- <sup>225</sup> See John Nonggorr, Splits and the Speaker's role. *Post-Courier*, 9 November 2004.
- <sup>226</sup> An alternative argument is that the office, like other state institutions, has been in decline for some time.
- <sup>227</sup> Government appointments to the boards of state-owned companies have been a particular item of recent controversy: see PM angered by favour claim. *Post-Courier*, 9 June 2005, p 1.
- <sup>228</sup> Ghai, Establishing a liberal political order through a constitution: the Papua New Guinea experience. p 308.
- <sup>229</sup> The Constitution also creates among other things an Electoral Commission, Boundaries Commission, and Public Service Commission.
- <sup>230</sup> The Constitution of Papua New Guinea, ss 218-219; Ila Geno, The Ombudsman Commission of Papua New Guinea: a governance apparatus working successfully. *Development Bulletin*, No 67, 2005. Among the purposes of the Ombudsman Commission is ensuring 'that all governmental bodies are responsive to the needs and aspirations of the People ... (helping) in the elimination of unfairness and discrimination': Geno, The Ombudsman Commission of Papua New Guinea: a governance apparatus working successfully.
- <sup>231</sup> Stephen P. Mokis, Keys to success: an overview of progress at the Ombudsman Commission. *Development Bulletin*, No 67, 2004, p 86.
- <sup>232</sup> In trying to answer the question of why the Ombudsman Commission works better than other institutions, the current ombudsman refers to the

- quality of his personnel and the aid project: see Hegarty and Thomas (eds), *Effective development in Papua New Guinea: local initiatives and community innovation*. p 84.
- <sup>233</sup> See Okole, Enhancing nation building through the provincial government system in Papua New Guinea: overtures towards federalism. p 21.
- <sup>234</sup> Sir William Skate MP, had himself expelled from his party so that he could join the ‘middle benches’: see Peter Niesi, Skate in the middle. *Post-Courier*, 3 February 2005, p 1.
- <sup>235</sup> Benjamin Reilly, Political engineering and party politics in Papua New Guinea. *Party Politics*, Vol 8, No 6, 2002, p 709.
- <sup>236</sup> See Ian Marsh and David Yencken, Time’s up for party politics. *Australian Financial Review*, 26 November 2004; Fernando Henrique Cardoso, Political parties. *Foreign Policy*, September/October 2005, p 41.
- <sup>237</sup> See Dorney, *Papua New Guinea: people, politics and history since 1975*. p 262.
- <sup>238</sup> Kavanamur, David, Okole, Henry, Manning, Michael, & Levantis, Theodore, *Understanding reform in Papua New Guinea: an analytical evaluation*.
- <sup>239</sup> Henry Okole, *Westminster practices in Papua New Guinea: governance in a Melanesian state* (paper presented at the Political Culture, Representation and Electoral Systems Conference, Port Vila, 10–12 July 2004), p 11.
- <sup>240</sup> This generalisation is occasionally overstated. There is anecdotal evidence of smaller ethnic groups banding together against larger ethnic groups (see Chapter 3). And there are a number of members of parliament who, notwithstanding their small winning margin, have sought to act in the interests of their broader electorate.
- <sup>241</sup> This important reform is overlooked, for example, in the account of parliamentarians’ small winning margins contained in White and Wainwright, *Strengthening our neighbour: Australia and the future of Papua New Guinea*. pp 29–30.
- <sup>242</sup> An optional preferential system was used in the 1964, 1968, and 1972 elections.
- <sup>243</sup> For a fuller explanation see Reilly, Political engineering and party politics in Papua New Guinea.
- <sup>244</sup> Ghai, for example, links the weakness of parties to the voting system, suggesting that the multiplicity of candidates undermines the party system: See Ghai, Establishing a liberal political order through a constitution: the Papua New Guinea experience. p 315.
- <sup>245</sup> See Standish, *Limited preferential voting: some early lessons*. p 7.
- <sup>246</sup> See AusAID, *Annual report 2003–2004*. Canberra, Commonwealth of Australia, 2004, p 31. Benjamin Reilly of the Australian National University and Mike Manning of Transparency International have described the new voting system as a success. The by-elections took place in a fairly representative range of Highland and coastal electorates.
- <sup>247</sup> Standish, *Limited preferential voting: some early lessons*. p 7. The analysis in this section draws heavily from this paper.
- <sup>248</sup> Staggered elections were attempted in the Highland provinces in 1992 but an over-optimistic time frame (a single day for each province) led to cumulative delays in moving the security forces from province to province. There was only very limited security in Chimbu and as a result some incidents of violent coercion of electoral officials were reported: see Bill Standish, Papua New Guinea’s most turbulent election. *Catalyst: Social Pastoral Journal for Melanesia*, Vol 33, No 2, 2003, p 132.
- <sup>249</sup> See James Chin, Review of In-house in Papua New Guinea with Anthony Siaguru. *The Contemporary Pacific*, Vol 16, No 1, 2004.
- <sup>250</sup> Reilly argues that analysis of Papua New Guinea’s elections of 1964 to 1972 supports the broader argument that preferential voting is an appropriate system for ethnically divided societies: see Benjamin Reilly, The alternative vote and ethnic accommodation: new evidence from Papua New Guinea. *Electoral Studies*, Vol 16, No 1, 1997.
- <sup>251</sup> Jamie Maxtone-Graham, the member for Angalimp.
- <sup>252</sup> Bill Standish, *Constitutional engineering in Papua New Guinea’s problematic democracy* (paper presented at the Foundation for Development Co-operation Development Research Symposium: South Pacific Futures, Brisbane, 22–24 July 2002), p 14.
- <sup>253</sup> Standish, *Limited preferential voting: some early lessons*. p 1.
- <sup>254</sup> Standish, Papua New Guinea’s most turbulent election. p 141.
- <sup>255</sup> Bill Standish, Papua New Guinea politics: attempting to engineer the future. *Development Bulletin*, No 60, 2002, p 30.
- <sup>256</sup> Bill Standish, among others, has spoken in favour of such a system. It might even be possible to require individual delegates to vote from different electorates so as to break down *wantok* ties.

- <sup>257</sup> The proliferation of compensation payments provides the best example of this. The centralised wage-fixing system maintained by Papua New Guinea until 1992 provides a further example.
- <sup>258</sup> As Michael Morgan reminds us: 'to suggest that Melanesian MPs are uniformly under-skilled is to provide an incomplete and misleading picture. While they appear ineffectual in key technical functions, when necessary Melanesian parliamentarians are able to utilise parliamentary procedures to expedite legislation or outmanoeuvre their parliamentary rivals ... Ignoring the expectations of electors in favour of seemingly abstract principles of governance advocated by Western countries might not be the best way for Melanesian MPs to be elected to parliament in the first instance, and there is little consolation in not being elected': Morgan, *Cultures of dominance: institutional and cultural influences on parliamentary politics in Melanesia*. p 8.
- <sup>259</sup> Papua New Guinea, House of Assembly, Constitutional Planning Committee, *Final report of the Constitutional Planning Committee*. Papua New Guinea, The committee, 1974, para 1/10/8.
- <sup>260</sup> For example Ghana, Uganda and Kenya all abandoned the federal systems adopted at independence and established highly centralised policy control. See Mwangi S. Kimenyi, Harmonizing ethnic claims in Africa: a proposal for ethnic-based federalism. *Cato Journal*, Vol 18, No 1, 1998, p 45. Ghai claims that Australia shared the Somare Government's suspicion of decentralisation: see Ghai, *Establishing a liberal political order through a constitution: the Papua New Guinea experience*. p 307.
- <sup>261</sup> May, *State and society in Papua New Guinea: the first twenty-five years*. p 178.
- <sup>262</sup> *Ibid.* p 198. Many local governments exhaust their budget paying for members' sitting fees.
- <sup>263</sup> Calls of 'rausim' ('throw them out') could be heard across the chamber every time the 1995 law was mentioned during a parliamentary debate on the consequences of the Bougainville agreement in June 2005.
- <sup>264</sup> It is difficult to measure accurately the effect of decentralisation but some of the examples of successful decentralisation are: West Bengal (India), Karnataka (India), Colombia, and Bolivia where decentralisation has been found to have improved participation and government responsiveness. A reduction in poverty has also been attributed to decentralisation in West Bengal. Colombia and Brazil have demonstrated significant

- improvements since decentralising: World Bank, <http://www1.worldbank.org/publicsector/decentralization/>; James Manor, *Local governance: paper prepared for Sida's Field Offices on Decentralisation*. 2003: [http://www.grc-exchange.org/g\\_themes/cc\\_decentralisation.html](http://www.grc-exchange.org/g_themes/cc_decentralisation.html). There are numerous examples of unsuccessful decentralisation but the reasons for their failures are a matter of contention.
- <sup>265</sup> For a comparison between decentralisation in the private sector and in development theory see Francis Fukayama, *State-building: governance and world order in the 21st century*. Ithaca, Cornell University Press, 2004, p 95.
- <sup>266</sup> Another theoretical advantage is that decentralisation allows constituents to vote with their feet by moving out of badly governed polities. However, this does not apply in Papua New Guinea where most people are closely tied to particular communities and locales.
- <sup>267</sup> See <http://www1.worldbank.org/publicsector/decentralization/>.
- <sup>268</sup> May notes that 'by 1994 all but five of the nineteen provincial governments had been suspended, some more than once; three of those five were in the Islands region': May, *State and society in Papua New Guinea: the first twenty-five years*. p 164.
- <sup>269</sup> The deterioration in service delivery is also attributable to Papua New Guinea's economic contraction from 1995–2002.
- <sup>270</sup> May, *State and society in Papua New Guinea: the first twenty-five years*. p 164.
- <sup>271</sup> Stephen P. Pokawin, Greater autonomy for provinces: a strategy for meaningful development for Papua New Guinea. *Development Bulletin*, No 50, 1999, p 41.
- <sup>272</sup> See the Constitution of Papua New Guinea's fifth directive.
- <sup>273</sup> Ronald J. May, Anthony J. Regan & Allison Ley (eds), *Political decentralisation in a new state: the experience of provincial government in Papua New Guinea*. Bathurst, Crawford House Pub., 1997, pp 22, 31, 41.
- <sup>274</sup> The national government must obtain an absolute majority vote in parliament before suspending a provincial government on the basis that it is 'undermining the authority of the National Parliament or national unity' but does not need parliamentary endorsement in the case of a 'national emergency': Government of Papua New Guinea, *The Organic Law on Provincial Governments and Local-level Governments*, 1995, s 187E. The National Executive Council may also suspend a provincial government

where the auditor-general has found the provincial government to be ineffective, or corrupt, or failing to comply with lawful directions of the National Government, or lacking in public legitimacy and the provincial government has failed to comply with consequent direction from the national government: Government of Papua New Guinea, *The Organic Law on Provincial Governments and Local-level Governments*. ss 51, 58.

<sup>275</sup> A recent audit of the Southern Highlands provincial government revealed that senior officials were complicit in diverting almost all of the provinces A\$15 million revenue: Clark, Armed and dangerous: the crisis in Papua New Guinea, *Australian Financial Review*, 2 April 2005.

<sup>276</sup> Papua New Guinea, House of Assembly, Constitutional Planning Committee, *Final report of the Constitutional Planning Committee*. para 2/13/100.

<sup>277</sup> The strongest example of this top-down approach is the national control of provincial public servants — see below. For example, the national government is increasingly using conditional grants to ensure that provincial government spending accords with nationally agreed priorities: see Warner and Yauieb, *The Papua New Guinea economy*. pp 10–11.

<sup>278</sup> As Edmiston puts it, ‘a reliance on political retribution for ensuring the proper use of funds and adequate delivery of public services is more cost-effective than extensive control by national departments’: Kelly D. Edmiston, *Fostering subnational autonomy and accountability in decentralized developing countries: lessons from the Papua New Guinea experience*. *Public Administration and Development*, Vol 22, No 3, 2002, p 227.

<sup>279</sup> Commenting on the African experience, Kimenyi notes that ‘because of the concentration of power in unitary states, the leadership can redistribute resources from some tribes to others. Consequently, a tendency exists for tribal groups to compete for the control of the instruments of transfer because such control assures the controlling group a consistent flow of transfers. Tribal competition for control of the instruments of transfer has had disastrous results in many African countries’: Kimenyi, *Harmonizing ethnic claims in Africa: a proposal for ethnic-based federalism*. p 44.

<sup>280</sup> See Chapter 3.

<sup>281</sup> The tension between the new and the old is one of the many contradictions which nationalism typically seeks to smooth over. Those with little sympathy for nationalist ideologies, and those who have sought to deconstruct them,

have been most attentive to these contradictions: see Anderson, *Imagined communities: reflections on the origin and spread of nationalism*; and Bhabha (ed.), *Nation and narration*.

<sup>282</sup> See Bernard Narokobi, *The Melanesian way* (rev edn). Port Moresby, Institute of Papua New Guinea Studies, 1983.

<sup>283</sup> See May, *State and society in Papua New Guinea: the first twenty-five years*. p 103.

<sup>284</sup> *Ibid.* p 103.

<sup>285</sup> Mary-Louise O’Callaghan, Wingti takes on provincial govts. *Sydney Morning Herald*, 2 October 1992, p 10.

<sup>286</sup> May, *State and society in Papua New Guinea: the first twenty-five years*. p 180.

<sup>287</sup> See [www.nefc.gov.pg](http://www.nefc.gov.pg).

<sup>288</sup> One of the lessons from the apparently successful Bougainville peace process is that establishing a workable consensus in Melanesia can be a long, drawn out but apparently unavoidable process which is frequently incomprehensible to outsiders. With very little external involvement the process ran for almost eight years and included a seemingly interminable number of meetings. Peace monitors were frequently surprised at the number of participants apparently essential for what were ostensibly ‘peak’ meetings.

<sup>289</sup> Not only in parliament. For a discussion of principal-agent problems in Incorporated Land Groups see Koyama, *Reducing agency problems in incorporated land groups: the absence of a concept of representative democracy had the opposite effect earlier in Papua New Guinea’s history*. Many representatives could only conceive of their role as delegates and refused to take decisions on their own: Goldring, *The constitution of Papua New Guinea: a study in legal nationalism*. p 23.

<sup>290</sup> The ‘Core Groups’ constituted by the AusAID-funded Community Development Scheme (CDS) provide a good example. Core groups consist of representatives from NGOs, community associations, the private sector, provincial and local government, and churches. They play a major role in administering the CDS. Their personnel receive an allowance of K250 per month. The goal is for core groups to evolve into bodies of independent field workers.

<sup>291</sup> See [www.worldbank.org](http://www.worldbank.org).

- <sup>292</sup> May, Regan & Ley (eds), *Political decentralisation in a new state: the experience of provincial government in Papua New Guinea*. p 17.
- <sup>293</sup> Papua New Guinea, House of Assembly, Constitutional Planning Committee, *Final report of the Constitutional Planning Committee*. para 10/1/3.
- <sup>294</sup> Not least because of Papua New Guinea's vulnerability to natural disasters and HIV. Manor also points out that 'Democratic decentralisation can also provide much more effective early warnings from remote places of potential disasters like floods, droughts and outbreaks of disease, before they become serious.' Manor, *Local governance: paper prepared for Sida's Field Offices on Decentralisation*.
- <sup>295</sup> Okole, Enhancing nation building through the provincial government system in Papua New Guinea: overtures towards federalism. p 61.
- <sup>296</sup> Ghai, Establishing a liberal political order through a constitution: the Papua New Guinea experience. p 321. A more recent example of this mentality is the grandiose seven-storey 'Agiru Building' constructed by former Southern Highlands' Governor Anderson Agiru to house the provincial government in Mendi. There are very few two-storey buildings in Mendi.
- <sup>297</sup> As Goldman puts it: 'the significance of establishing 'model' communities as incentives for change cannot be over estimated': see Goldman, 'Hoo-Ha in Huli': considerations on commotion and community in the Southern Highlands Province of Papua New Guinea. p 11.
- <sup>298</sup> The CPC unsuccessfully proposed greater variety in the forms of provincial government.
- <sup>299</sup> Dorney, *Papua New Guinea: people, politics and history since 1975*. p 262. Manus's committee system is sometimes said to have reduced accountability.
- <sup>300</sup> Golub points out how following the discovery of gold at Mt Kare 'over 40,000 'true landowners' have been registered for a patch of a high-mountain pass that was previously uninhabited' under the Incorporated Lands Group Act: see Golub, *Uncommon properties: ambiguity and anticommons in Papua New Guinea's mining industry*. p 8.
- <sup>301</sup> The knocking down of the power pylons that link Porgera Joint Venture (PJV) (in Enga Province) to the Hides Natural Gas Plant (in the Southern Highlands) has, for example, compelled PJV to expand its community affairs activities into the neighbouring province.
- <sup>302</sup> Papua New Guinea tourism industry is constrained by poor law and order and extremely expensive international flights. East New Britain's Provincial Administration has sought direct international air links for some time but has been constrained by the national bureaucracy.
- <sup>303</sup> The 1995 merging of provincial governments and the national government has increased the national power of politicians from poorly governed, but resource-rich, provinces and contributed to the increasing trend towards illiberalism. Writing on India, Manor notes that 'by quarantining most conflicts within individual regions, federalism helps the political system cope with strife'. James Manor, Making federalism work. *Journal of Democracy*, Vol 9, No 3, 1998, p 21.
- <sup>304</sup> Supreme Court of Papua New Guinea, *Re: Inter-Group Fighting Act 1977*. SCR No 1 of 1981, Papua New Guinea Law Reports, 1981.
- <sup>305</sup> See Goldman, 'Hoo-Ha in Huli': considerations on commotion and community in the Southern Highlands Province of Papua New Guinea.
- <sup>306</sup> Commission for Africa, *Our common interest: report of the Commission for Africa*. p 121.
- <sup>307</sup> It has been argued that federalism provides checks and balances in the United States, Australia (Greg Craven, Federalism and the states of reality. *Policy*, Vol 21, No 2, 2005, p 7) and India: Fareed Zakaria, The rise of illiberal democracy. *Foreign Affairs*, Vol 76, No 6, 1997, p 30.
- <sup>308</sup> As Paul Hasluck put it in 1958: 'local government has been chosen as the logical start of political advancement. First of all, we have in the village or in the group of villages a sense of community or that embryo of a political society which is necessary for political action of a democratic kind': Hasluck, Present tasks and policies. p 113.
- <sup>309</sup> May, Regan & Ley (eds), *Political decentralisation in a new state: the experience of provincial government in Papua New Guinea*. p 26.
- <sup>310</sup> Papua New Guinea Sustainable Development Ltd. was established by BHP Billiton from the transfer of its 52 per cent equity in Ok Tedi Mining Limited. All mining dividends that previously went to BHP are now used for purposes of community development. PNGSD has an independent board of directors appointed by BHP, the Papua New Guinea government, and the Program Board. One-third of the funds raised are designated to short-term community development programs and two-thirds

for long-term projects for a period of 40 years, in an attempt to mitigate the environmental damage caused by mining at Ok Tedi and the social and economic damage caused by its cessation. See BHP Billiton, [http://hsecreport.blhpbilliton.com/2003/caseStudies/cs\\_community26.html](http://hsecreport.blhpbilliton.com/2003/caseStudies/cs_community26.html).

- <sup>311</sup> On resource companies and para-governmental bodies see Colin Filer, *Horses for courses: special purpose authorities and local-level governance in Papua New Guinea. State Society and Governance in Melanesia: Discussion Paper* (2004/6), 2004; on non-state local governance see Hegarty and Thomas (eds), *Effective development in Papua New Guinea: local initiatives and community innovation*.
- <sup>312</sup> The current (2002) government has focused its attention on the District, especially through the creation of District treasuries.
- <sup>313</sup> Papua New Guinea, House of Assembly, Constitutional Planning Committee, *Final report of the Constitutional Planning Committee*. para 10/3/24. On this point the report explicitly invoked the precedent of regional secession in Nigeria.
- <sup>314</sup> Ian A. Scales, State and local governance in Solomon Islands: building on existing strengths. *Pacific Economic Bulletin*, Vol 20, No 2, 2005, p 145.
- <sup>315</sup> *Ibid.* p 145.
- <sup>316</sup> Papua New Guinea, House of Assembly, Constitutional Planning Committee, *Final report of the Constitutional Planning Committee*. para 10/3/28.
- <sup>317</sup> White and Wainwright, *Strengthening our neighbour: Australia and the future of Papua New Guinea*. p 52.
- <sup>318</sup> Before 1995 provincial governments had the power to retain a six member policy secretariat and to fill directly, on temporary contracts, positions which the national public service was unable to fill. Although some provinces, especially Bougainville, took advantage of these provisions to create a large number of positions, the World Bank's claim that provincial governments had the power to hire and fire staff before the 1995 reforms exaggerates the degree of autonomy that they had: World Bank, *Papua New Guinea: improving governance and performance*. Washington DC, World Bank, 1999, p 222. For a better account of the pre-1995 situation see May, Regan & Ley (eds), *Political decentralisation in a new state: the experience of provincial government in Papua New Guinea*. pp 34–37 and May, *State and society in Papua New Guinea: the first twenty-five years*. p 162.
- <sup>319</sup> Anthony Siaguru, Till death us do part?, in *The PNG–Australia relationship:*

*problems and prospects*. David Anderson (ed.), Sydney, Pacific Security Research Institute, 1990, p 58.

- <sup>320</sup> This was seen clearly in much of the commentary on the ECP. Many commentators clearly thought the program was a good idea but that it was somehow tarnished by the motives.
- <sup>321</sup> Whitlam Institute, *Press statement no 55*. 25 February 1973: [http://www.whitlam.org/collection/1973/19730225\\_Press\\_Statement\\_55/index.html](http://www.whitlam.org/collection/1973/19730225_Press_Statement_55/index.html).
- <sup>322</sup> Papua New Guinea's first national public service included many former members of the colonial administration who were particularly hostile the provincial government.
- <sup>323</sup> Regan and May, *Reassessing Australia's role in Papua New Guinea and the Island Pacific*. p 159.
- <sup>324</sup> 'Intervention' is used loosely here to encompass any case where a state tries to influence another's 'internal affairs'. Anthony Siaguru, in his 1990 essay quoted at the beginning of this chapter, wrote that 'in the most unlikely event of Australia ever seeking to interfere in our internal affairs by making her aid conditional on a cleaning-up act, then I would certainly hope her focus would be on constitutional reform ... And, believe me, while our officials might bare their teeth, and leaders might snarl for the benefit of public consumption, Canberra might be astonished by the support she might receive from ordinary Papua New Guineans in helping the country achieve the overthrow of a political system which has become monstrous in its concentration on numbers games at the expense of considered policy and health of the community': Siaguru, *Till death us do part?* p 63.
- <sup>325</sup> In the wake of the Iraq conflict, it has been argued that 'intervening to democratise' is oxymoronic. But the fact is that numerous states are trapped in vicious cycles that can only be broken through external assistance, often to develop a democratic framework. This is why successful decolonisation usually takes considerable time.
- <sup>326</sup> International interest in Papua New Guinea is declining. Chinese aid has few conditions but its program remains small (it is not on the list of top 10 donors). In 1999 Taiwan reportedly agreed to provide Papua New Guinea with a total of A\$4 billion worth of loans and grants in return for recognition, but the deal was quickly revoked by former Prime Minister



- Morauta after he ousted former Prime Minister Skate. Papua New Guinea could again seek to replace Australian aid with dubious loans, although these would be very expensive, given Papua New Guinea's credit rating.
- <sup>327</sup> White and Wainwright, *Strengthening our neighbour: Australia and the future of Papua New Guinea*. p 3.
- <sup>328</sup> Although much is sometimes made of the challenges of donor coordination in Papua New Guinea, this does not compare with the challenge faced in any of the world's hot spots (such as the Palestinian Territories) which attract a large number of donors with often incompatible agendas. The difficulties experienced in Australian whole-of-government coordination are largely teething problems.
- <sup>329</sup> The multilateral character of Australian-led missions to Bougainville (the Truce Monitoring Group (TMG)/PMG) and the Solomon Islands (RAMSI) has been central to their legitimacy, but any costs in efficiency have been more than made up for by the cultural knowledge brought by Melanesian and Polynesian contributors. The same cannot be said for all multilateral peace-keeping or state-building missions.
- <sup>330</sup> See, for example, Helen Hughes, *Aid has failed the Pacific*. Issue Analysis, No 33, Sydney, Centre for Independent Studies, 2003.
- <sup>331</sup> The identification of projects formerly took place through a joint committee but in practice this was dominated by Australia: Sean Dorney, *Papua New Guinea — What can Australia do (successfully)?* Menzies Research Centre, Australian Security in the 21st Century Seminar Series, 11 October 2005, p 15.
- <sup>332</sup> The cancellation of the planned introduction of legislation for the registration of customary land was the only the most spectacular of these reversals. See Kavanamur, Okole, Manning & Levantis, *Understanding reform in Papua New Guinea: an analytical evaluation*. Some have questioned the extent of Australia's support for these structural adjustment programs, arguing that Australia encouraged the World Bank to 'go soft on Papua New Guinea': Larmour, *Foreign flowers: institutional transfer and good governance in the Pacific Islands*. p 97. Others have accused of 'hiding behind' the World Bank.
- <sup>333</sup> Although the Sector Wide Approach allows for more Papua New Guinean input, one rationale for its introduction was to increase Australian leverage which was seen to have diminished. The World Bank is main supporter of the Sector Wide Approach, but not all donors have adopted it. Japan and the European Union (the second and third largest donors in Papua New Guinea respectively) have not.
- <sup>334</sup> Recipient organisations are, however, required to demonstrate proper financial management through independently conducted audits and expenses submitted to the Incentive Fund board annually.
- <sup>335</sup> The Incentive Fund has also reintroduced some of the problems of discrete project aid, in particular the creation of new recurrent costs in order to maintain one-off projects.
- <sup>336</sup> The ECP was also partly funded from the pre-existing aid program. New funding for the ECP was about A\$800 million over five years but due to delays in starting the program the per annum budget grew. Estimated total Australian Aid for 2005 to 2006 is A\$492.3 million.
- <sup>337</sup> See Chapter 1.
- <sup>338</sup> The full story of the aid program is far more complex than the short history presented here. Australia has asserted more direct control over the program even during periods of a theoretically more hands-off approach. Over the course of the program Australia has pushed hard to get Papua New Guinea's agreement to projects that were considered particularly important.
- <sup>339</sup> Peter Larmour, Conditionality, coercion and other forms of 'power': international financial institutions in the Pacific. *Public Administration and Development*, Vol 22, No 3, 2002, p 252.
- <sup>340</sup> Other paradoxes or potentially counterproductive effects of aid are its capacity to distort local economies by masking inefficiencies such as an inflated public service, and to soak up skilled labour, drive up wages and increase budget problems by adding to recurrent expenses such as infrastructure maintenance.
- <sup>341</sup> Sebastian Mallaby, *The world's banker: a story of failed states, financial crises, and the wealth and poverty of nations*. Sydney, University of New South Wales Press, 2004, p 95–96.
- <sup>342</sup> There are a number of other possible explanations for the World Bank's embrace of ownership including heightened sensitivity to NGO criticism of structural adjustment programs and the personality of the World Bank's last president (James Wolfenson): see Ibid. For a perceptive account of the conundrums, rhetorical hoops and bad faith

that an obsession with ownership can generate, see Colin Filer, How can western conservationists talk to Melanesian landowners about indigenous knowledge?

<sup>343</sup> See Geoff Forrester, *Staying the course: AusAID's governance performance in Indonesia*. Lowy Institute Perspectives, Sydney, Lowy Institute for International Policy, 2005. The tendency to defensive pseudo-science is partly responsible for the impenetrable jargon that much development theory is expressed in.

<sup>344</sup> For example, Papua New Guinea's biggest and most salutary mistake was the mis-handling of the Bougainville issue; the crisis cost the young country dearly in terms of lives and treasure. But it also changed — for the better — the way in which the national government and mining companies deal with landowners. Anthony Regan has even suggested that it has produced new Bougainvillean norms of non-violence: Regan, *Clever people solving difficult problems: perspectives on weakness of the state and the nation in Papua New Guinea*.

<sup>345</sup> Hedley Bull argued in 1972 that Papua New Guinea was not strategically important for Australia and should be regarded as 'simply another neighbouring power'. Peter Hastings took a similar view stating in 1968 that 'New Guinea is no longer vital to Australia's continental security': see Hunt, *Papua New Guinea in Australia's strategic thinking, 1980–1977: the path to the 1977 statement on the defence relationship*. p 162.

<sup>346</sup> Niall Ferguson, for example, argues that the British Empire was, on balance, 'a good thing' but cautions that it was far from the ideal model of liberal empire: see Niall Ferguson, *Colossus: the rise and fall of the American Empire*. New York, The Penguin Press, 2004, p 198.

<sup>347</sup> See, for example, Bruni, *Back to the future: a 'colonial' Australia in the 21st century South Pacific?* Recent Australian policy towards Nauru could, however, be viewed in these terms.

<sup>348</sup> Such as the constitutional reforms discussed in Chapter 4. Morobe Governor Luther Wenge was the only member of parliament to vote against the ECP original legislation.

<sup>349</sup> Maintaining coherence would be a challenge, but as argued above, the challenges of coordination should be eased by Australia's preponderant position and the limited number of donors.

<sup>350</sup> It is important to distinguish finances and personnel. In retrospect it was probably a mistake to emphasise the cost of the ECP. Describing it as a contribution of personnel (for which Australia would pick up the bill) rather than funds might have forestalled some of the criticism the program attracted in Papua New Guinea.

<sup>351</sup> See, for example, Andrew Rogerson and Paolo de Renzio, *The seven habits of effective aid: best practices, challenges and open questions*. Overseas Development Institute 2005: [http://www.odi.org.uk/publications/opinions/36\\_effective\\_aid\\_feb05.html](http://www.odi.org.uk/publications/opinions/36_effective_aid_feb05.html).

<sup>352</sup> There is no clear distinction between hard power and soft power. In some accounts hard power is limited to military power and soft power to trade, aid, and culture. But others extend the concept hard power to include economic sanctions. Conditional aid can therefore be viewed as a form of hard power.

<sup>353</sup> Joseph Nye, Jr, *Soft power: the means to success in world politics*. New York, Public Affairs, 2004, p 5.

<sup>354</sup> See Hugh White and Elsinia Wainwright, *Strengthening our neighbour: Australia and the future of Papua New Guinea*, pp 43–44.

<sup>355</sup> Peter Barter quoted in Joseph Kabui and Peter Barter, *Call for PNG to tackle corruption: interview with Caroline Tiriman*. Pacific Beat, ABC Radio Australia, 14 September 2005.

<sup>356</sup> It has been argued that transparency should be the only criterion placed on international aid (in recognition of the lack of certainty about what exactly constitutes good economic policy in a particular country): see Ngaire Woods, *Does aid work? Prospect*, No 110, 2005.

<sup>357</sup> According to Manning the 'Electoral Development Fund' grant is now valued at K1 million to K1.5 million: see Manning, *Papua New Guinea thirty years on*. p 150.

<sup>358</sup> This possibility is overlooked by some of the commentary. For example the World Bank criticises parliamentarian's use of slush funds to 'finance development projects that enhance their electability' — as though that were necessarily a bad thing: World Bank, *Papua New Guinea: improving governance and performance*. p 224.

<sup>359</sup> The real strength and goal of the CDS lies is the improvement of social capital, although some descriptions it appears as little more than an infrastructure project, for example, see AusAID, *Annual report 2003–2004*.

- <sup>360</sup> Guggenheim notes that ‘Indonesia is one of the world’s most diverse countries. Virtually any assumption about what the social content of the project should be would be sure to be wrong for big swathes of the population’. See Scott Guggenheim, *Crises and contradictions: understanding the origins of a community development project in Indonesia*. 2005: [www.yale.edu/agrarianstudies/papers/Crises.pdf](http://www.yale.edu/agrarianstudies/papers/Crises.pdf), p 20.
- <sup>361</sup> Among the projects other monitoring mechanisms are a legal obligation to contract independent NGOs in each province, and to provide a blind contract for the Indonesian Association of Independent Journalists to publish stories about the projects.
- <sup>362</sup> Guggenheim, *Crises and contradictions: understanding the origins of a community development project in Indonesia*. p 5.
- <sup>363</sup> Villagers are responsible for the maintenance of any KDP-funded infrastructure so it does not add to the recurrent budget. World Bank. *Project appraisal document ... for a Kecamatan Development Project 3B*. World Bank 2005: <http://web.worldbank.org/external/default/main?pagePK=64027221&piPK=64027220&theSitePK=226309&menuPK=287103&Projectid=P092019>. p 17. For Papua New Guinea it is noteworthy that some of the most economically successful projects were ‘roads that provided access to previously isolated villages where before the road, all produce had to be hand-carried or carried in small amount on motorcycles.’ See World Bank, *Project appraisal document ... for a Kecamatan Development Project 3B*. p 16. The KDP was given greater publicity in Mallaby, *The world’s banker: a story of failed states, financial crises, and the wealth and poverty of nations*. pp 202–205.
- <sup>364</sup> See Chapter 3.
- <sup>365</sup> It is often asserted that the weakness of Papua New Guinea’s democracy is due to poor voter education, especially about what to expect from elected representatives. But Papua New Guineans have shown a readiness to demonstrate, at times violently, when they feel they are being betrayed by their representatives, and even poorly educated Papua New Guineans can understand when they are being ripped off, provided they have access to basic information.
- <sup>366</sup> ‘In 1995, 70 per cent of schools received no capitation grants and, on average, schools received only 22 per cent of their total allocation. In 1999

more than 90 per cent of schools received either a large part or all of their entitlement.’ See John Mackinnon and Ritva Reinikka, How research can assist policy: the case of economic reforms in Uganda. *World Bank Research Observer*, Vol 17, No 2, 2002, p 282.

- <sup>367</sup> Justine Nannyonjo, *The HIPC debt relief initiative, Uganda’s social sector reforms and outcomes: paper prepared for Wider Development Conference: Debt Relief, 17–18 August 2001*. 2001: [http://www.wider.unu.edu/conference/conference-2001-2/parallel%20papers/1\\_4\\_nannyonjo.pdf](http://www.wider.unu.edu/conference/conference-2001-2/parallel%20papers/1_4_nannyonjo.pdf). p 15.
- <sup>368</sup> There are no reliable figures on the radio footprint in Papua New Guinea. Provincial radio stations — which were local repeater stations but also broadcast in local languages — have declined since responsibility for them was transferred to provincial governments in 1995.
- <sup>369</sup> For every 1,000 Papua New Guineans, there are 86 radios, 17 television sets, and 14 newspapers, that is, fewer radios per capita than Pakistan but more than Bangladesh. See Richard Curtain, *Information and communications technologies and development*. Australian Development Gateway 2004: <http://www.iicd.org/articles/IICDnews.import2314>.
- <sup>370</sup> Southern Highlands Community worker Philip Moya told me how he was able to resolve one tribal fight by travelling back and forth between warring communities with a tape recorder. Although neither side was willing to talk to the other’s face they were able to do so through recorded messages. This is an unusual story because there are few individuals as trusted, respected, or motivated, as Moya. As outsiders acting in official capacity it would be easier for Australian official to establish a reputation as disinterested.
- <sup>371</sup> The PMG was preceded briefly by a similar TMG and succeeded by the much smaller and purely civilian Bougainville Transition Team (BTT); the distinction is not relevant here and the term PMG is used to encompass all three.
- <sup>372</sup> Information was also disseminated through Radio Bougainville.
- <sup>373</sup> Although the monitors generally avoided direct involvement in the peace process they did nudge the process from time to time and were sometimes called upon to address meetings to ‘clarify’ issues. During deadlocked negotiations on the fate of stored weapons on Nissan Island in 2003, the leader of the BTT and the head of the United Nations Observer Mission on Bougainville were asked to speak in favour of destroying the weapons, which was what the participants finally agreed to do.

- <sup>374</sup> It is worth noting that the PMG included many women.
- <sup>375</sup> One Australian monitor — Fred Smith — even became a local pop star. See Nick Agafonoff, *Bougainville sky*. [Film], Australia 2005.
- <sup>376</sup> See Lowy Institute for International Policy, *Overcoming constraints in Papua New Guinea: proceedings of a Lowy Institute Conference*.

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