

*State Society and
Governance
in Melanesia*

Governance and reform in the South Pacific

Edited by Peter Larmour

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Abbreviations

ABC	Australian Broadcasting Corporation
AIDAB	Australian International Development Assistance Bureau (now AusAID)
AusAID	Australian Agency for International Development
CHOGM	Commonwealth Heads of Government Meeting
BCL	Bougainville Copper Limited
CRT	Community Restoration Team (PNG)
DSE	Development Services Exchange
f.o.b.	freight on board
GDP	gross domestic product
GNP	gross national product
IBRD	International Bank for Reconstruction and Development
ICRAF	Individual and Community Rights Organisation (PNG)
ILO	International Labour Organization
IMF	International Monetary Fund
IPA	Investment Promotion Authority (PNG)
JICA	Japan International Cooperation Agency
MCC	Main Campaign Committee
MELSOL	Melanesian Solidarity Incorporated
MIRAB	migration, remittances, aid, bureaucracy
MP	member of parliament
MRSF	Mineral Resources Stabilisation Fund (PNG)
NANGO	National Alliance of Non-government Organisations (PNG)
NCP	National Coalition Party (Solomon Islands)
NCW	National Council of Women (PNG)
NEC	National Executive Council (PNG)
NFP	National Federation Party (Fiji)
NGO	non-government organisation
NIDA	National Investment Development Authority (PNG)
NIO	National Intelligence Organisation (PNG)
NPO	National Planning Office (PNG)

ODA	Overseas Development Administration (UK)
OECD	Organization for Economic Cooperation and Development
OFSMP	Ok-Fly Social Monitoring Project (PNG)
OTML	Ok Tedi Mining Limited (PNG)
PANGU	Papua and New Guinea Union
PGA	Provincial Government Association (Solomon Islands)
PNC	People's National Congress (Guyana)
PNG	Papua New Guinea
PNGDF	Papua New Guinea Defence Force
PNGTUC	Papua New Guinea Trade Union Congress
PPP	People's Progress Party (PNG)
PPP	People's Progressive Party (Fiji)
RDU	Rapid Deployment Unit (PNGDF)
SAP	Structural Adjustment Program
SFU	Special Forces Unit (PNGDF)
SICHE	Solomon Islands College of Higher Education
SIDT	Solomon Islands Development Trust
SINURP	Solomon Islands National Unity and Reconciliation Party
SSG	Special Support Group (PNG)
SWIFT	Solomon Western Islands Fair Exchange
UN	United Nations
UNDP	United Nations Development Programme
UPNG	University of Papua New Guinea
US	United States
USSR	Union of Socialist Soviet Republics
WIP	PNG Association of Women in Politics

1

Introduction

Peter Larmour

During the 1990s 'governance' has become part of the language of negotiations between aid donors, banks, and developing countries. The word was first introduced in this context by the World Bank when it identified a 'crisis of governance' in Africa in 1989 (quoted in World Bank 1992:5). The Bank defined governance as 'the manner in which power is exercised in the management of a country's economic and social resources for development' (World Bank 1992:1).

Most donors now believe that development depends on governance. It includes public sector management, accountability, the legal framework, and transparency and information. They have incorporated statements about governance, or 'good government' into donor reports, discussion papers, and ministerial statements. Typically, a report of the Development Assistance Committee of the OECD concludes that the 'investment of resources in democratic governance will contribute to progress in development goals' (OECD 1997:3).

The Australian Minister of Foreign Affairs defines good governance as 'open, transparent, accountable, equitable and responsive to people's needs' (DFAT 27 August 97). Aid, he says, can contribute by providing legal training that enhances accountability, by supporting non-government organisations which increase participation, or by strengthening institutions that promote human rights. Similarly,

Japan's International Cooperation Agency (JICA) links good governance with participatory development, democratisation and economic liberalisation (Takasugi 1997:3).

This book is about issues of 'governance' and 'good government' in the South Pacific, a region of small developing countries which are still relatively dependent on foreign aid. Issues of good governance are prominent in the recent unrest over the Sandline mercenaries contract in Papua New Guinea and in the review of Fiji's constitution that led to its readmission to the Commonwealth. They are also expressed in the increasing international pressure for public sector reform.

Some of the chapters report on recent unpublished research on governance and reform in the region. Others put that research in a wider comparative or theoretical context. Research contributing to Macdonald's opening chapter was sponsored by the British Overseas Development Administration, and considers the applicability of good governance criteria to the region. Research for the chapters by Kavanamur, Kubutaulaka, Dinnen, Nanau, Sepoe and So'o was carried out for Master and PhD degrees. Their research illuminates, and in many cases anticipates, current policy concern with conditionality, forest mismanagement, law and order, decentralisation, gender and election financing. Burton's chapter is based on extensive consultancy work in Papua New Guinea. Ivarature writes as a full-time researcher at Papua New Guinea's National Research Institute. Smyth brings a media studies focus to bear on governance issues.

Good governance is also a global issue, linked to the end of the Cold War, and globalisation. Macpherson explicitly addresses global/local links. May makes comparison with Africa. While the word 'governance' is being applied to developing countries, it is also being used to refer to changes in public administration in developed countries. Rhodes (1997) distinguishes four such uses. Governance sometimes refers to reducing the size of the state. It is used to refer to the role of boards of management in large corporations. It is associated with the 'New Public Management', which favours professional management, concern with clients, competition and contracting out. It refers to relations between organisations when there are many centres of power, and the state is no longer supreme.

Some of these changes, such as the New Public Management, are now being copied by, or imposed upon, developing countries. Ideas about governance are useful in understanding countries with so-called weak states, while studies of stateless societies contribute to the

understanding of the role of communities in developed societies (Larmour 1996b, 1997a).

The phrase 'good government', now often used interchangeably with governance, has a distinct history, going back to debates about colonial administration, and municipal reform in the United States.

A 'Good Government League' was founded in Louisiana in 1912, part of the politics of corruption and reform that produced the populist Governor Huey Long, and consisted of

a collection of patrician and business leaders devoted to honest government largely centred in New Orleans (Williams 1970:3).

In Britain

Good government became a slogan in colonial affairs because it implied that 'self government' meant incompetent administration (Lee 1967:5).

The 'good' in good governance is a traditional concern of political theory. Concern with 'good governance' involves general questions about the universality of ideas, the bases of social order, and development. Is one form of governance applicable everywhere? Is a state necessary to maintain social order? What drives the process of development?

Governance as practice

Who does 'good governance'? In developing countries, the ombudsman, auditor general, and the courts report and speak out on 'good governance' issues. Independent newspapers and radio stations report what they say, or make their own investigations of corruption and mismanagement. Developing country non-governmental organisations, trades unions and opposition politicians speak out on good governance issues. Local banks and chambers of commerce urge public sector reform, while local law, advertising and accounting firms profit from processes of privatisation.

Aid agencies and multilateral banks try to institutionalise 'good government' assessments as part of their aid and loan programming. The longest pressure for 'good governance' has come from non-government organisations like Oxfam or Community Aid Abroad. Like bilateral government donors, they came to realise that development projects were failing because of bad governance. Their fund raising activities made them sensitive to popular suspicion that

aid was simply going to shore up authoritarian regimes. Unlike government donors, they were freer of diplomatic inhibitions against criticising foreign governments.

A number of non-government organisations now deal directly with governance issues, without attaching them to traditional concerns with development projects. Transparency International promotes anti-corruption activity. The Institute for Democracy and Electoral Assistance (IDEA) promotes electoral reform. International Alert and Conciliation Resources engage in various kinds of preventive diplomacy.

There is also a growing private sector 'good governance' industry, in banks and consultancy firms that provide political risk analysis, among consultants to aid agencies on governance issues, and among the legal, accounting and advertising firms handling privatisations.

Governance as policy discourse

To make sense of governance, we need to distinguish three loosely connected levels of theory, policy and practice. The theories associated with 'good governance' come from different parts of the social sciences: institutional and neoclassical economics, company law, political science and economic sociology.

The policies are produced by negotiations within and between governments, and embodied in statements that, taken together, add up to a discourse with a life of its own.

The practice is the activities of officials and contractors dealing with their counterparts and clients in developing countries. There is no necessary connection between these three levels.

Talk about 'governance' is sometimes criticised for being vague, incoherent, based on false assumptions, 'just words', or simply common sense. Those on the receiving end sometimes complain that it is overbearing, selectively applied, and insensitive to local differences. These criticisms are instructive for understanding the character of a policy discourse.

Vagueness

'Governance' is now often used interchangeably with 'government', with or without the 'good'. Critics say it is merely fashionable. Rhodes complains that governance has 'too many meanings to be useful'

(1997:15). Similar complaints used to be made about the use of 'the state'. However, deliberate vagueness is a useful tactic in policymaking. 'Governance' was a polite way of raising awkward issues of corruption, incompetence, and abuse of power. Evasive language was forced on the World Bank by its Articles of Agreement which 'explicitly prohibit the institution from interfering in a country's internal political affairs' (World Bank 1994:vii).

Incoherence

Parts of the 'good government' agenda sit uneasily with others: democracy, for example, with unpopular economic reform. Statements about governance do not necessarily 'add up'. Such incoherence is a by-product of the processes of accommodation and compromise that go into negotiating agreement on a text.

False assumptions

The link between democracy and economic development is unproven. True, countries with higher per capita GDP tend to be democratic, but systematic comparisons between many countries in many periods, and attention to the flow of causation leads to more tentative conclusions. Thus a careful study by Lane and Ersson (1996) finds few strong correlations between various measures of democracy and development. The strongest is a positive relationship between democracy and quality of life (Lane and Ersson 1996:66). All they can conclude is that democracy is 'not an obstacle to economic growth or fair income distribution' (Lane and Ersson 1996:67). In any case, it is not clear which causes the other. A study of democracy in the South Pacific concluded that existing democratic institutions were probably threatened by development (Larmour 1996a:245). For policy purposes, however, while the link between democracy and development is unproven, it is at least arguable, and apparently plausible.

Just words

Much public policy activity consists of negotiations around the content of speeches, memoranda, reports, and so on. Chinese officials, for example, have been critical of the Asian Development Bank's 'governance' policy. The word, they say is 'too political'. China prefers 'development management' (*Emerging Markets* 2 May 1996). Words

matter; in deciding between loan applications and project proposals, the Chinese have been concerned that it will make borrowing 'much more complicated'.

Simply common sense

Common sense is an achievement, not a criticism, for policy discourse. If something controversial can be presented as common sense then half the policy battle is won. Thus the chair of the Australian Parliament's Foreign Affairs Committee, Ian Sinclair, on corruption and aid in Papua New Guinea

It is difficult to determine what good governance is. It is not for us to lay down the form of government in a country. But I think we ought to encourage principles whereby those who are in power don't abuse the responsibilities they have. And to the degree we can direct our aid program to achieve that end I think its worthwhile (Radio Australia News Summary, 13 June 1997).

Nothing new anyway

The World Bank links its new concern with governance to its long-standing engagement with public sector reform. Other agencies link, or fold it into their own distinctive, standing discourses. The UNDP links 'Public Sector Management, Governance and Sustainable Human Development' (UNDP 1995). The OECD links 'Participatory Development and Good Governance' (OECD 1977). Institution building has been a long established form of aid. Everyone, it seems, has been doing 'good governance' already, under a different name. For a policy discourse, to show that nothing is new may be a way of reassuring doubters.

Overbearing, selectively applied, and insensitive

While donors talk about dialogue, recipients often hear lectures. Thus China's delegation to the Asian Development Bank warned, '[t]o impose conformity irrespective of the country differences and the willingness of developing members is not likely to work'. It argued that the Bank's governance policy should be more even handed, as only developing countries were criticised (*Emerging Markets* 2 May 1996).

Policy discourses are not open, equal conversations. Their silences on some matters are as eloquent their garrulousness on others. The

ability to set the agenda is a form of power, but it is not absolute. The good governance criteria have some potential to be used against donors. Corruption in developing countries has been abetted by the tax exemptions for bribes that some developed countries have given to their companies. Aid programs may be mismanaged. Developed countries find their own human rights records under international scrutiny, as Australia has found over gay rights in Tasmania, over the aboriginal 'stolen children', and over the Convention on the Rights of the Child. Governance is no longer just a word used by the North against the South: Thailand's *Nation* newspaper, for example, recently blamed the Southeast Asian smog crisis on 'poor governance' in Jakarta (quoted in *The Australia*, 30 September 1997).

Policy discourses are a product of negotiation and compromise within governments, and between them. The process leads to vagueness and incoherence. Plausibility, common sense, and continuity with existing discourses matter more than strict standards of intellectual consistency and proof. The content reflects the power of the participants: some agencies and governments are more successful at getting 'their language' embodied in the text than others. That power provokes resistance, and the text also creates possibilities for retaliation, as when 'good governance' arguments are turned against donors.

In some ways, and particularly in 'governance' the content of the words matters less than that they are now being spoken. 'Everybody knows' for example about corruption. There has been a substantial body of scholarly theory dealing with it at least since the 1970s (see Heidenheimer 1970). And paying or resisting bribes has been part of the day to day practice of aid. What is new is its eruption into the policy discourse. A kind of 'outing' has taken place, as previously 'open secrets' have become part of the policy discourse.

There are leads and lags between the policy discourse, theory, and practice. There is no single direction of flow, up from practice to policy to theory, or down from theory through policy to practice. The emerging, often vague and incoherent, discourse of policy draws, sometimes indiscriminately, on theory and practice. Flows of ideas between levels are embodied in grants, appointments, promotions, and attendance at conferences. In some ways the policy discourse on 'good governance' has run ahead of academic theorising.

As part of such a to-and-fro process, the British Overseas Development Administration (ODA—now called Department for

International Development) held workshops with academics in Sussex and Canberra in order to get ideas about putting 'good governance' criteria into day to day practice. The Canberra workshop asked if and how ODA's Good Government agenda might apply to countries in the South Pacific (Larmour 1995b). It led agenda to Macdonald's research on Kiribati, to research by Taafaki and Oh on governance in Tuvalu, to research by Duncan, Larmour and Hunt on trust funds in Kiribati and Tuvalu, and to research by Larmour on corruption in the region (Macdonald 1996; Taafaki and Oh 1995; Duncan, Hunt and Larmour 1995; Larmour 1997b). It also contributed to the inception of a larger Australian National University research project on 'State Society and Governance in Melanesia', of which this publication is part.

The public sector in the South Pacific

Two types of public sector in the South Pacific can distinguished according to their size and source of their revenues. Bertram and Watters (1985) coined the phrase 'MIRAB' economies to characterise the dependency of the smaller islands in the east and the north of the region on migration, remittances, aid and bureaucratic employment. Among the larger islands to the west of the region the public sector is much smaller in relation the population, and the public finance depends heavily on fluctuating natural resource revenues: minerals, timber, and fisheries. A country like Kiribati, with a small population and a large Exclusive Economic Zone, shares the characteristics of both types.

Both types, however, have been affected by budget crises which have led their governments to seek loans which have been made conditional on public sector reform. Cook Islands, with a population of 18,000, is an exemplary MIRAB economy. About 18 per cent of the population were employed by the government, as a means of ensuring political support. Public expenditure constituted about 86 per cent of GDP. In 1996 it turned to the New Zealand Government and the Asian Development Bank, which helped in the preparation of draconian plans to reduce the number of public sector departments from 55 to 22, and reduce public service employment by 60 per cent (Keith-Reid 1996).

Papua New Guinea, with a population of nearly four million, is the largest resource boom economy. Its public service constitutes only 2

per cent of the population, smaller than the average for developing countries, and much smaller than the developed country average (Larmour 1995a:41). A fall in the price of oil exports, and delays in some mining projects forced the government to devalue, and then to go to the Australian government, the International Monetary Fund, and the World Bank to fund its budget shortfall. The conditions included reductions in public sector employment, and the negotiations are described in Kavanamur's chapter.

In both cases, electoral competition has driven governments to overspend. In Papua New Guinea, where public employment is relatively small, the expenditure benefited rural voters. In Cook Islands, most of the population became dependent, in one way or another, on public employment. Other democratic governments in the region face similar pressures, either from unpredictable or finite resource revenues, or from reductions in aid, or both.

Public sector reform

Until the 1990s, the main issues in public sector reform were localisation, decentralisation, and the relationship between politicians and officials. Localisation was part of the process of decolonisation that took place between 1962 and 1980, and involved the replacement of colonial by local officials, or short-term consultants. Advocates of decentralisation pointed to the islands' dispersed populations, uneven development, and the concentration of services in the capitals. Many people identified with precolonial units of government that were even smaller than the states introduced by colonial rule. In the contest for power between elected politicians and appointed officials, ministers pressed for greater control over senior appointments.

The collapse of the Soviet Union led to a sharper international consensus in favour of privatisation, smaller government, and more liberal trade. Australia turned from grants to Papua New Guinea's budget to support for particular programs in health or infrastructure. Australian ministers referred to their own country's public sector reforms in order to urge reform on others. New Zealand's radical reforms of its own public sector showed up the unreconstructed character of the public services in its former colonies, Niue and Cook Islands. Britain had tapered off budget support to former colonies, and began to murmur about 'good government'. The territories still dependent on the United States became vulnerable to Congressional

budget cuts, while the French colonies (New Caledonia, French Polynesia, and Wallis and Futuna) may become vulnerable to budget pressures in Paris.

During the 1990s, the pressure for public sector reform has come externally, from banks and aid donors, though some governments like Vanuatu's have anticipated them. It has targeted the size of government, rather than its composition, centralisation, or lack of accountability to elected leaders. It has been occasioned by budget shortfalls, but justified in wider terms of efficiency. For example, earlier reformers would have criticised public enterprises for employing foreign managers, for failing to provide services to remote areas, or for ignoring ministerial directives. Now, reformers see privatisation of public enterprises as a way of raising revenue for the budget, and reducing the need for further subsidies. Allowing private competition, greater managerial autonomy, and the threat of bankruptcy might also make them become more efficient.

The South Pacific Forum—a regional organisation of island governments plus Australia and New Zealand—has begun exchanging ideas about public sector reform among its members. A meeting of Forum Finance ministers addressed what it called 'structural reform', which it recognised as an issue of 'high political sensitivity'. Among the issues it identified were

- mechanisms are needed to protect the reform process from being undermined by temporary improvements in economic circumstances'
- determining the appropriate roles and size of the public service is fundamental to successful reform' (South Pacific Forum 1995).

What the chapters say

Macdonald's chapter begins by explaining why the World Bank and other aid donors have become more insistent about 'good governance'. He questions the internal coherence and universal applicability of their assumptions. External support for democracy, for example, may contradict external pressure for unpopular economic reforms. Local history, conditions, and cultures make imported institutions work in unexpected ways. Structures of government in the South Pacific are generally democratic, and donors have been more concerned with economic performance, and government capacity (though he notes the

Commonwealth pressure on Fiji to reform its 1990 constitution). He argues from his research in Kiribati against a checklist approach to assessing 'good governance'. Following the World Bank's list of issues under the heading of 'governance', he found a high level of participation and accountability. Human rights were respected, though there were traditional restraints on women's participation in government and politics. Public sector management, however, was weak because of a shortage of skills and cultural traditions that discouraged individual initiative. The private sector was tiny. Politicians were elected for their personal qualities, and a high turnover of candidates made them reluctant to tackle difficult issues. He concludes that the democratic character of government in Kiribati, combined with local culture and circumstances, made it very difficult to develop and implement coherent policies, particularly the economic reforms now urged by donors.

Papua New Guinea had good economic prospects, and sound economic policies at Independence. It also had a low skilled but highly-paid workforce, a large public sector, and a high rate of population growth. New mining projects did little more than replace the revenue that had been provided by Australian aid and (after 1989) the Bougainville mine. Ron May's chapter analyses the political reasons behind Papua New Guinea's inability to benefit from its natural resources, and its early economic policies. Comparing Papua New Guinea with countries in Africa, he blames two forms of 'corruption': the use of state office for private gain; and the transfer of resources from the 'civic' to the 'primordial' realm of locality, clan and kinship. The latter is expected of politicians, but is also achieved directly, when (for example) local landowners exact compensation for land needed to provide public services.

Small Pacific islands have become increasingly dependent on migration, remittances and aid to fund the widening gap between their imports and exports. Economic restructuring in New Zealand and Australia, and political changes in Europe have reduced opportunities for migration, reduced the amount of remittances that migrants can afford to send home, and reduced the flow of aid, while making it more conditional on 'good governance'. Macpherson and Macpherson's chapter analyses how the government in Samoa, and Samoans are responding to the dilemmas posed by these changed global conditions. Samoa meets the human rights and multiparty criteria of 'good governance', particularly since universal suffrage was

introduced in the early 1990s. However, donors would have been concerned about the suspension of the Auditor General, and about the mismanagement detailed in his report. There has been suspicion of corruption in the sale of passports. However, the Ministry of Finance has 'bit the bullet' in reforming its economic management. Individuals and families also face a parallel dilemma, though some still may believe it is only temporary. Scepticism about government exhortations may make people reluctant to make up for lost employment opportunities, and remittance income, by expanding or diversifying cash crop production.

Kavanamur's chapter asks why countries adopt, and then sustain, structural adjustment programs (SAPs). He does so by systematic comparisons of three SAPs adopted by Papua New Guinea in 1981, 1990 and 1994. Each was a response to a balance of payments crisis. In 1981, the government reformed itself without going to the IMF, and the reforms survived a general election, and change of government in 1982. In 1990, after the loss of revenue from the Bougainville mine, the government borrowed from the World Bank and the IMF. But the economy quickly stabilised itself, and the government relaxed the restrictions it had imposed on public expenditure, bank lending, and wages. It went on to implement measures aimed at encouraging the growth of the private sector, including lower taxes, lower minimum wages, and higher spending on education and training. Budget deficits grew after a general election in 1992, and in 1994 the government started to negotiate another SAP with the World Bank, IMF and other donors. This time there were protracted negotiations over a long list of conditions, including controversial proposals to register customary land. Kavanamur concludes from his comparison with a list of conditions for SAPs to be sustained, including consensus between local officials and ministers on the need for reform, and local capacity to design and implement reforms. He is concerned that the public service has become less competent and able to withstand political pressure, while ministers have become preoccupied with re-election. The self-stabilising character of the PNG economy has also reduced pressure for reform.

The Solomon Islands government has become heavily dependent on revenues from the forest industry. However, rates of exploitation exceed estimates of what is sustainable, while increased rates of exploitation have been accompanied by falls in revenue. International

financial institutions, bilateral donors, particularly Australia, and domestic and international NGOs have pressed the government to reform its forestry policies, so far without success. Tarcisius Kubutaulaka's chapter looks at the domestic sources of forestry policy, arguing that the state itself is only one of many stakeholders in the industry, and it has a limited ability to influence decisions by the leaders of local landowners. There are also widespread suspicions that government policy has been compromised by bribes to politicians, officials, and local leaders.

Several governments in the region encourage mining and other natural resource exploitation in order to fund public expenditure on development. The unspoken assumption is that governments are capable of applying these funds to development purposes. Burton's research finds that provincial and local councils in the Western Province of Papua New Guinea were unable to get development value from the relatively high level of mining revenues they spent: money disappeared into incomplete and unsustainable projects, while health indicators—particular female to male survival ratios—remained relatively bad, or worsened. Burton distinguishes his micro-level approach from the more familiar macro-level accounts of the PNG economy, and he identifies particular ways in which Melanesian cultural values may contribute to difficulties in devoting public expenditure to development: the process of 'designating' grants and handing cheques over in public ceremonies creates an expectation that the money will be handed to fund local projects rather than provincial services; and people that give grants are traditionally reluctant to make demands, such as accountability, on the receivers.

Gordon Nanau's criticism of the system of decentralisation in Solomon Islands is based on research he carried out in two provinces. He sets out the arguments commonly made for decentralisation, and its links to ideas about democracy and development. He describes the succession of attempts to devise a system of decentralised government in Solomon Islands, under the colonial government, shortly after Independence, and most recently under the *Provincial Government Act 1996* (which has come under constitutional challenge). His research found a lack of transparency and accountability in provincial government decision-making, inactive area councils, suspicion of people from other provinces, and resentment at the basis of allocating government grants according to population. Yet he is critical of the

reforms proposed in 1996, citing an absence of accountability at provincial level, lack of provision for election at local level, and the likely exclusion of women.

Henry Ivarature describes the political crisis that unfolded in Papua New Guinea after the government was revealed to have made contract with foreign mercenaries to defeat the Bougainville rebellion. The whistle was blown by the commander of the PNG Defence Force, who had been involved in the negotiations. Pressure from the army, parliament and popular demonstrations eventually forced the Prime Minister to 'step aside' while a Commission of Inquiry investigated how the contract had been made. The process seems to have been reckless and secretive. It was driven by ministers with the acquiescence of senior officials. Ways were found to avoid normal requirements to put projects out to tender, or to get prior parliamentary approval for expenditure. There were suspicions of corruption. The consequences, according to Ivarature, include a divided and demoralised army. The events also showed the PNG government's vulnerability to political pressure from Australia, from international financial institutions, and from popular demonstrations organised by non-government organisations.

Dinnen's chapter deals with the pervasive breakdown of law and order in Papua New Guinea, and hence the role of the state in providing, or frustrating, 'good governance'. He starts from the manifest failure of existing police responses—curfews, raids on villages and settlements, and the use of élite forces. Such increasingly intensive policing has only produced more violent responses. The state has become part of the problem, rather than part of the solution, and reformers are increasingly turning to community based, non-government organisations to sustain law and order. Dinnen's argument turns on a distinction between retributive justice, which seeks blame and punishment, and restorative justice, which is more concerned with restoring victims, and offenders, to where they were before the offence took place. It includes, for example, making amends to victims, and reintegration of offenders into society. Dinnen describes the results of his own research into the mass surrenders of self-professed criminals in Papua New Guinea, and so-called 'gang retreats' involving dialogue between gangs and national leaders. Though limited to offenders, rather than victims, they provide exits from crime, and demonstrate the possibilities, and limits, of non-state approaches to good governance.

Orovu Sepoe's chapter is concerned with the role of women in two levels of politics, elite and grassroots, and at the relationship between the two. She finds women severely underrepresented in the legislature and public service, and national politics to be oblivious of issues of concern to women, such as family and reproductive health. She writes as an advocate as well as an analyst, urging the educated women who have been lobbying for greater national representation to embrace community politics. Community politics is open to the majority of women, and can be empowering in itself. The two levels are not inconsistent. National politics can provide resources and legal protection for local organising, while community politics provides a means for women's concerns to be brought into national and international focus.

Asafou So'o documents the formal and public way in which candidates have in the past distributed food and cash in order to get elected, and re-elected in Samoa. He studied a candidate who first won in 1982. To ensure re-election in 1985, the candidate distributed salt beef, tin fish, cattle and cash publicly and equally to the councils of the six villages in his constituency. So'o estimates the total cost at about WS\$16,000, or seven times the average wage. The money came from the candidate's salary as a member of parliament, and earnings from his stores. On election day he had to pay for his supporters' transport, accommodation and food. Afterwards he had to pay the members of his organising committees. These expenses amounted to another WS\$15,000, on top of the WS\$16,000 distributed on one day among the six villages. And as a member of parliament he faced continuing requests for loans, money for constituents to pay school fees, and contributions to repairs on churches. When Samoa adopted universal suffrage, the expenses increased as other village organisations than the council expected to receive gifts directly. So'o finds the impact of these payments complex. People decide between candidates on the basis of their efforts, and personal relationships with voters, rather than on issues and party membership. Increased competition for votes has weakened the influence of village councils, and forced candidates to take into account popular opinion. However, having spent their own money to get elected, the successful candidates then feel justified in making their own decisions about which party, and prime ministerial candidate, to support in parliament.

The media are often celebrated as instruments of accountability, and a free press taken as a sign of 'good governance'. Rosaleen Smyth

takes this argument further, showing how traditional diplomatic exchanges between governments are being supplemented by each side's attempts to influence the other indirectly, through the media in the other's country. Both her examples refer to the issue of 'good governance', and to the role of the media in achieving, or (depending on your point of view) derailing it. In the first part of the chapter, she describes how the Australian government has sought to influence public opinion in the Pacific islands, and how the PNG government has used media to attract sympathy among Australian élites, as well as its own domestic opinion. In the second part she describes the almost 'text book' way in which student activists in Papua New Guinea used the media to mobilise domestic, and international opinion, to stall one part of the structural adjustment programme the PNG government was negotiating with the World Bank. In addition to newspapers, including the increasing government use of paid advertisements, Smyth notes the growing uses of electronic mail and the internet to mobilise international opinion. Cyberspace has become a medium of global governance.

Conclusions

These chapters are based on research originally carried out for different unrelated purposes. Nevertheless, some common themes recur, and come into focus through comparison. What can be learned by sifting through these cases?

Decentralisation

Burton and Nanau paint alarming pictures of the poor performance of the provincial governments they studied. In both countries, governments have since introduced reforms that aim to bypass the provincial level, and so central governments deal directly with local bodies. But there is little reason to believe, from Nanau's account, that such bodies would be more transparent, accountable, suspicious of outsiders, and resentful of the basis on which grants are allocated. There is also little reason to think that pressures that Burton describes acting at a provincial level to divert money into a myriad of unsustainable 'projects' would be any less at local level.

Use of resource revenues

The chapters by May and Burton, which deal with mining revenue, and Kubutaulaka, on forestry, cast doubt on the strategy of using natural resource revenues to fund provincial and local development. Kubutaulaka finds the Solomon Islands government increasingly incapable of capturing revenues, which go directly to politicians, to local leaders, or foreign timber companies. The development impact is thus entirely private, local, or offshore. Burton finds the provincial government unable to apply relatively large grants it gets to infrastructure, public health, or sustainable local economic activity.

Cultural explanations

Macdonald finds cultural traditions in Kiribati restraining individual initiative, and making it difficult for managers to correct subordinates. Burton offers ingenious cultural explanations for fractioning of the provincial budget into grants for particular places and purposes, and the reluctance of central government to enforce conditions.

Absence of women

Several chapters note the exclusion of women from elected office. Nanau is concerned that further decentralisation will exclude women from local level bodies. Sepoe's chapter urges a turn to community politics which addresses issues of concern to ordinary women. Burton shows chillingly how the manner in which money is budgeted in Western Province has led to a deterioration in health services which in turn means women are less likely to survive than men.

Localism

The chapters show strong local pressures on MPs in general, and ministers in particular. The pressure is enforced by a high turnover of candidates in elections. May distinguishes these pressures from the strictly corrupt use of public office for private gain. The public, formal payments made by candidates to village committees in Samoa, for example, are different from bribes to ministers though the expenses of re-election may make ministers more vulnerable to corruption once they are in office. Burton shows how intense localism prevents the

supply of 'public goods' like roads, and health, in favour of small projects that fizzle out. Macdonald describes how such electoral pressure makes ministers in Kiribati reluctant to tackle difficult issues, though So'o finds, paradoxically, that MPs in Samoa feel that having paid for their election, they are justified in making their own decisions about which party or policies they should support.

The role of the state

Writing about 'governance' tends to move the state away from the centre of its analysis, in favour of markets and communities. Public sector reform in the South Pacific is sceptical of the role of the state, and seeks to reduce the size of the public sector. The chapters that follow are divided about the possibility and desirability of state action. Macdonald describes the strong influence of local non-state institutions, like the churches and traditional leaders, on governance in Kiribati. For Kubutaulaka the state is only one actor, and not necessarily a strong one, in forestry management. Sepoe urges elite women to make a political choice in favour of non-state institutions. Smyth notes the power of student activism, and the media. Dinnen's chapter paints an optimistic picture of institutional innovation outside government, which provide mass exits from crime.

While some of these chapters simply describe weaknesses of the state, others reject the state for reasons of analysis (Kubutaulaka) or political choice (Sepoe). But other authors are more reluctant to abandon the idea of the state. May and Burton both regret the absence of commitment to the idea of an impartial state, resisting local pressures on behalf of a broader 'public' or 'national' interest. Ivarature also seems less willing to give up on the state. His concerns with the consequences of the Sandline affair include its effects on the morale and coherence of the army, a core state institution, and concern at how easy it was to mobilise a crowd against public institutions.

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2

‘Good’ governance and Pacific island states

Barrie Macdonald

The emergence of the good governance agenda in the early 1990s did not have a single point of origin. Within the World Bank, for example, there was concern over the high failure rate of projects and restructuring initiatives in Sub-Saharan Africa and, in particular, over the unwillingness of private investors to become involved even in those developing countries that were implementing market-driven policies and addressing the problems of debt (World Bank 1989). The Bank identified failures of governance as a decisive barrier to sustainable economic policies, and drew particular attention to authoritarian regimes, corruption, and abuses of human rights as undermining the prospects for both the introduction of (or a return to) participatory democracy, and the formulation and implementation of sound policies for economic restructuring and growth.

Advocacy of good governance by major donors like the United Kingdom, the United States and Japan, also dates from the early 1990s, but has broader origins. In part, it can be related to the collapse of the Soviet Union and the ending of the Cold War. With the ending of Cold War competition over aid distribution and the need for investment in Eastern Europe (a higher priority than Sub-Saharan Africa in both economic and security terms), the principles of aid distribution were re-examined. Western donors moved to place less emphasis on

political expediency and security imperatives in the allocation of overseas development assistance and, at the same time, gave a lower priority to military assistance and the purchase of arms (*Economist*, 10 December 1994; Moore 1993a).

Although this 'good governance agenda', as it has become known, has been widely debated in the development literature, and has become implicit in the aid policies of bilateral donors and international agencies, it has had only limited impact on relations between donor and recipient nations in Oceania. The major aid donors for the region have begun to focus on 'governance', with a number of explicit programs in this area with, for example, emphasis being given to improvements in public sector management and the judicial process, promotion of the rights of women and the development of civil society, especially through an enhancement of the role of non-government organisations. Moreover, the element of specific conditionality which became a feature of Western aid programs in Africa from the late 1980s has assumed greater prominence.

The development of a good governance emphasis in aid relationships has not featured prominently in the academic literature on Pacific Islands development. Although the issue has surfaced from time to time in the examination of postcolonial politics, it has seldom done so in a manner that engages the broader debate (see, for example, Lal and Nelson 1995). This chapter will examine and question some of the major assumptions underlying the good governance agenda, consider the applicability and increasing application of governance criteria to the countries of Oceania, and explore an alternative approach that might introduce greater sensitivity and effectiveness into the relationship between donor and recipient.

The emergence of the 'good governance' agenda

A 1989 World Bank assessment of development in Sub-Saharan Africa is now seen as a founding landmark on governance issues, and precursor to major changes in policy emphasis by OECD governments (Leftwich 1993:610; Moore 1993c; Barya 1993:18). Although the World Bank is prevented by its Charter from political involvement, and it has not explicitly addressed the nature of individual political regimes in its reports, its stance on governance is implicitly concerned with the political nature of a government, as well as their capacity to formulate and implement 'sound' economic policies and to manage both the

country's resources and any aid funds provided. As a consequence, the Bank has taken a leading role in promoting discussion and defining the terms of the debate (World Bank 1991, 1992, 1993; see also Goetz and O'Brien 1995; Stevens and Gnanaselvam 1995).

The World Bank defines governance as 'the manner in which power is exercised in the management of a country's economic and social resources' (World Bank 1992:1). More specifically, the Bank has identified three key areas of concern

- the form of political regime
- the process by which authority is exercised in the management of a country's economic and social resources
- the capacity of governments to design, formulate, and implement policies and discharge functions (World Bank 1992:58).

In a series of World Bank reports, and in policy statements from OECD governments, the characteristics of 'good governance' or 'good government' have been more clearly identified as

- the legitimacy of government as reflected in multi-party participatory democracy
- the rule of law
- protection of human rights
- transparency and accountability of government process
- the expansion of civil society, effective and efficient public sector management.

Underpinning all of these themes is an assumption that democratic political process is not only a desirable end in itself but is the key to good governance and, in turn, to economic development and social justice. As a corollary, the World Bank and other agencies have invoked good governance criteria in decision-making and, both explicitly and implicitly, have introduced a new form of political conditionality into donor-recipient relations, especially when major economic restructuring is planned.

Faced with changing security requirements, and public disenchantment over the allocation of development assistance to demonstrably corrupt and oppressive regimes, Western leaders were quick to review and redefine national positions (Moore 1993c; Johnstone 1995:5-6). For Western governments in a post-Cold War world, it was necessary to define a new philosophy and moral rationale for the provision of development assistance to the Third World (Lancaster 1993:14). That moral dimension, which can be traced

even further back to the efforts of President Carter in the mid-1970s, is important for the electoral acceptance of overseas development assistance. In a climate of economic restraint at home, public endorsement of development assistance was less easily obtained by governments which, none the less, have to maintain an international stance that serves national economic, strategic and political interests.

In some respects the new orthodoxy turns on its head earlier development theories that assumed that stable democracy could only be established on a foundation of economic development and national civil institutions and values. According to this view, economic development and democratisation might well prove incompatible, in which case democratisation must necessarily be subordinated to economic liberalisation and structural adjustment (Monshipouri 1995). As Leftwich has observed, what was new about the good governance agenda was 'the proposition that democracy is a necessary prior or parallel condition of development, not an outcome of it' (Leftwich 1993:605). While the World Bank's charter precludes its direct involvement in political issues, its governance policies are predicated on a free market economy as a precondition not only for economic development but as an integral component of the broader governance agenda. This agenda has also taken on a wider currency, with some attempt to argue for the application of governance principles to the international order (Held 1995) and for a greater role for non-government organisations (Gordeneker and Weiss 1995). non-government organisations are also acquiring greater significance because they are seen to reflect institutional pluralism and to develop civil society, both of which, because of their capacity to act as a restraint on government, are integral to the broader governance agenda (White 1995:33-4; Robinson 1995).

Other explanations for donor advocacy of good governance have also had some credence and should at least be considered. Among recipients, there is a suspicion that the good governance agenda has a sub-text of a reduction in aid flows to the Third World, partly because of the conflicting demands for investment in Eastern Europe, partly to reduce aid flows overall. The notion of 'good' governance also suggests a judgemental approach, a return to the distinctions between deserving and undeserving poor and, perhaps, an attempt to impose neocolonial controls.

It has also been suggested that the World Bank turned the spotlight on to governance issues as least partly to emphasise the difficulties of

project implementation—because of a lack of capacity in recipient countries and the constraints imposed by corrupt and authoritarian regimes. The Bank's stance, which suggests that poor governance is a major cause of economic failure, can also be interpreted as an attempt to allay concerns that poor development performance might be caused by fundamental flaws in the economic policies advocated by the Bank itself. Is it an attempt by the World Bank to shift the blame for a generation of economic failure in Africa and parts of Asia?

Some would go further and argue that, following the collapse of Communist regimes in Eastern Europe, there was an underlying agenda not only 'to crush once and for all the ideology of socialism and to replace it unambiguously with the ideology of free enterprise worldwide', but that good governance is the means by which Western hegemony might be implemented and justified (Barya 1993:16). The existence of such a conspiracy has yet to be proven. It might be questioned even if only because Western or capitalist governments have seldom demonstrated the capacity to define and pursue such a common cause. Nevertheless, it is the case that the political conditions attaching to aid have shifted significantly in the 1990s.

What is noticeable about the current trend is its widespread acceptance among donors, and the consistency of approach. Although the Cold War had a major effect on aid distribution in the developing world, it is also the case that issues now identified as integral to the agenda were formerly integral to the decolonisation process adopted by most of the Western powers. Constitution-making from the independence of India onwards was based on metropolitan models and assumed a broad-based franchise and political freedoms. New states, by joining the United Nations, accepted the Human Rights provisions of its Charter. This, too, raises interesting issues concerning the extent to which good governance represents a new initiative or, rather, a return to earlier principles that were, to some extent, set aside by the imperatives of the Cold War. Even before the collapse of the Soviet Union, the international sanctions applied to South Africa implied a tougher mood by developing countries as well as by major Western donors. Here, the strength of African opinion was a critical factor; that opinion, reluctant to criticise one of its own as in the case of Uganda in the 1970s, has now moved to a new phase with its condemnation of human rights abuses in Nigeria.

The recent emphasis on good governance also represents a further stage in the long-running debate on the role of the state in economic

growth. The new orthodoxy would have the state providing a market-friendly environment. The good governance agenda presupposes that representative democracy will encourage the growth of a market economy while providing accountable government. In adopting the tenet that good government is by definition democratic and the only path to economic growth, governance proponents are rejecting the statist argument that democracy does not necessarily provide the discipline necessary to promote economic development and alleviate poverty. In this regard, they are also rejecting the empirical evidence of the industrialising states of East and Southeast Asia (Leftwich 1993; White 1995). Beyond that, they are also endorsing the cultural bias of a program that is predicated on economic models that have worked only imperfectly in the Western economies that gave rise to them.

The interrelationship of economic liberalisation and democratisation in generating good governance is asserted, but is by no means proven. Implicit here is the expectation that good governance will make the targeted developing countries more like their donors in political structure and economic structure and direction. Quite aside from the questions that might be raised by poor economic performance in some of the donor countries, the issue of the relationship between politico-economic models and national cultures is given scant recognition.

Governance and conditionality

Leverage exercised by donors has long been a feature of aid relationships whether expressed in the exclusion of a rival power, access to primary resources, or international alignment. Generally, the benefit of such conditionality accrued to the donor; under the governance agenda, however, it is argued that there might be long-term advantage to the donor(s) ('more like us'), but that the major beneficiaries of the leverage would be the people, rather than the government, of the recipient country. In the late 1980s and early 1990s, then, the World Bank and similar agencies introduced economic conditionality as part of 'adjustment' packages that bailed out the economic disasters of the developing world. Under that strategy,

as the price required for desperately needed aid, African governments have been obliged to submit to conditions which effectively remove their capacity to manage their own economies. The basic ingredients are familiar enough: currency devaluation, cuts in government

spending, including the reduction of state employment and the removal of subsidies, privatisation of parastatal corporations, and so forth (Clapham 1993:431).

External pressure for reform implies conditionality, however it is presented, and engenders resentment of, and resistance to, pressure that is interpreted as being neocolonial in its intent and politically subversive in its effect (at least for the government in power) (Burnell 1994; Robinson 1993). Inevitably, conditionality is seen as an implicit attack on sovereignty and as a mechanism for neocolonial control. The effectiveness of the conditionality approach, however it is packaged, can also be questioned. While there is some evidence that conditionality may have some impact in the short term, it is of little lasting benefit unless there is united pressure from donors over a sustained period—a condition that may be undermined because other political or economic factors may weaken donor resolve. Why should the Pacific experience differ from that of Africa? There, as Clapham noted

the actual effect of externally imposed economic reforms is nonetheless critically influenced by the government that is responsible for implementing them. Many regimes have understandably committed themselves to reform in principle, in order to gain access to the structural adjustment loans that accompany it, while doing their best to avoid implementing the reforms with the rigour that would be needed to make them effective. Wherever possible, understandably again, governing groups will try to manage the domestic politics of structural adjustment in such a way as to protect their own interests, while ascribing the blame to external financial institutional institutions (Clapham 1993:431).

On the broader international scene, the somewhat crude imposition of political conditionality seen in the early 1990s has 'given way to a range of interventions in which sanctions have been replaced by positive aid measures and less threatening inducements to political and administrative reform' (Robinson 1995), but the intent and effect remain largely unchanged.

There is a degree of incompatibility between the pressure for economic restructuring and the encouragement of democratisation. To be sustainable in the longer term, reform measures must be accepted and promoted by a government that must seek re-election. As Barya has noted: '[F]reedom and liberalisation from autocratic rule as well as democracy and accountability cannot be decreed. They must have a

social basis in which they arise, are nurtured and sustained'(1993:17). Market-driven economic 'reforms' which impact on the poor will be unpopular both with the victims of change and a government that must face its voters. Conditionality may force the hand of government in the short term, but without deep-rooted public support it will not necessarily generate long-term, sustainable reform. Indeed, the benefits of externally generated change may be 'captured' by élites or interest groups which, as a consequence, may then stand in the way of further change. Policies which encourage participation and the development of private organisations may inhibit the impetus for reform if the proposed measures are not fully understood by the electorate and the necessity for it broadly accepted.

The World Bank's view of the responsibility of governments to maintain a market-friendly economic environment has not passed unchallenged. Political scientists, in particular, have remained suspicious of neoclassical economics and have generally argued that the state itself is a significant player in economic development. The World Bank approach, emphasising that the failure of adjustment packages lies in deficient governance and fettered markets rather than its own policies, has yet to address the claim that

no examples of good or sustained growth in the developing world have occurred under conditions of uncompromising economic liberalism, whether democratic or not. From Costa Rica to China and from Botswana to Thailand, the state has played an active part in influencing economic behaviour and has often had a significant material stake in the economy itself (Leftwich 1993:613).

Much of the debate is based on claims that it is either the role of the state, or free-market economics that makes a difference. But does it have to be one or the other? A recent analysis of Asian economies by Clark and Chan suggests that neither approach—alone or in partnership—can explain the relative success or failure of Asian economies over recent decades. Their analysis suggests that 'recourse is necessary to additional variables', leading them to a call for 'bringing society back in' (Clark and Chan 1994:333). This means not just social factors in general, but the structure and values of societies in particular, because the current World Bank approach takes little account of cultural diversity and lacks the subtlety to cope with mechanisms for participation and transparency that may not meet strict 'democratic' criteria but may work in a specific cultural context. Underlying the governance agenda is a Western assumption that the

basic principles of good governance are sufficiently universal to be universally applicable—an assumption that seems to take little account of local circumstances.

The challenge to sovereignty

At a more fundamental level, too, the exertion of external control over a national government seems remarkably at odds with the promotion of democratisation, transparency, participation, and accountability. External demands for human rights, multi-party democracy and economic liberalisation creates an artificial electoral contest in which the political parties cannot compete for votes on the basis of economic policy because that has already been determined by major donors. Moreover, a government that endorses an economic package from an external agency might undermine its own credibility and lay itself open to anti-nationalist charges.

In effect, the World Bank now seeks to enter into a contract with a government in which assistance is conditional on acceptance of a given set of policies, a compromise which restricts the options of a democratically elected government. In such circumstances, the advocacy or effective imposition of 'democratic' or economic reforms can be seen as an attack on sovereignty and as an assertion of neocolonial control (Hawthorn 1993:26). This raises the broader question of the level of justification required for one or more states or, indeed, an international agency to seek to exert influence over, or to intervene in, the affairs of another. Similarly, it might be argued that pressure from the World Bank is not only an infringement of the sovereignty of a nation, but that the unstated political agenda denies national choice of a political structure and economic policy. The Bank, having advocated a particular course of political action, or made such a course a condition of aid, remains at arm's length from the consequences of such policies (Lancaster 1993:12).

Aside from international disputes where the United Nations has endorsed intervention (I do not wish to discuss 'cross border' disputes here) there is no clear definition of when a government has irretrievably broken the fundamental compact between the governors and the governed through the abrogation of human rights. There is no easy definition of the point on the spectrum at which poverty, corruption or military dictatorship becomes oppression justifying intervention which represents, in effect, conditionality in its most

extreme form. Indeed, the ending of the Cold War and Security Council deadlocks has opened the way for UN intervention into the domestic affairs of member nations. In recent years, that line has also effectively been defined through international sanctions imposed on South Africa, on Fiji after the 1987 coups or, more recently, in the suspension of Nigeria from the British Commonwealth.

Nigeria and the Commonwealth

The Nigerian case is of relevance here, because the 'Harare Commonwealth Declaration' issued by the British Commonwealth Heads of Governments Meeting (CHOGM) in 1991 established a clear code of practice to which Commonwealth members subscribed. The Declaration reaffirmed the Commonwealth as an association of independent sovereign states, and the responsibility of each for its own policies. It then went on to the affirmation of 'fundamental' Commonwealth principles which reaffirmed a commitment to democratic process and the rule of law, fundamental human rights, equality for women, an end to racism, universal education, sustainable development and the alleviation of poverty (including a commitment to 'the central role of the market economy'), environmental protection, support for small states and the promotion of world peace.

However, the Harare Declaration did not include any mechanism for monitoring standards or for sanctions or any other means of enforcement. The deterioration of the political situation in Nigeria in the months leading to the Auckland CHOGM in November 1995, and the imprisonment of political opponents of the regime, ensured that Nigeria would be a major focus of attention despite Australasian attempts to give French nuclear testing top billing. Any chance that the conference would give strong counsel but take no action disappeared when, as the Conference opened, the Nigerian government carried out the execution of nine Ogoni activists including writer Ken Saro-Wiwa. The Conference was forced to address the issue and suspended Nigeria from Commonwealth membership. The sanction of Commonwealth suspension, symbolic rather than affecting trade or aid, has proved a more powerful weapon than many observers expected.

The same is probably true in the case of Fiji, where the transition from constitutional monarchy to republic after the 1987 coups meant that Fiji would have to reapply for membership of the British

Commonwealth. Knowing that unanimity is necessary on matters of membership, and unwilling to face the probability of denial at the hands of India, Fiji chose not to reapply until 1997 when its new constitution was in place. Australia and New Zealand, which contemplated intervention after the first coup, and were critical of the 1990 constitution favouring ethnic Fijians, nonetheless restored full diplomatic and military relationships before Fiji's re-entry to the Commonwealth.

Nigeria represented an extreme case, even for Sub-Saharan Africa, and was essentially challenged on the nature of its political regime and the process by which authority was exercised—in essence, the first and second areas of governance concern identified by the World Bank in 1992. The link to the Pacific was established by the holding of the CHOGM meeting in Auckland, the reporting of the Conference in the region, and the fact that ten South Pacific Forum members are also members of the British Commonwealth. The 1995 CHOGM reaffirmed the principles of the Harare Declaration on human rights, political issues and sustainable development and, in a more formal way, established conditions for Commonwealth membership and procedures for dealing with states which broke the fundamental principles of Commonwealth membership as defined at Harare. By implication, it would not only be the extreme cases that might come under Commonwealth scrutiny.

In its handling of the Nigerian case, the Commonwealth is following in the path of the policy statements of the OECD leaders and the World Bank and, at the same time, continuing the tradition by which the Commonwealth handled the South African situation. Commonwealth action in both cases has not only taken account of the strength of international feeling but also, perhaps, reflects a recognition of earlier weakness in tackling the corrupt and dictatorial Amin regime in Uganda and the failures of democratic process that have been endemic in post-independence Africa. Where the governance agenda has moved a stage further is the imposition of conditions not merely where the regime is repugnant, but also where public sector management or economic policy are held to be unsatisfactory. Whereas political and economic conditionality might win international support in extreme cases of oppression and human rights abuse, its application in other circumstances is open to question on grounds of long-term effectiveness as well as principle. If, at the end of the day, the good governance agenda is about sustainable

economic development and social justice then the short-term, blunt instrument approach represented by conditionality seems to have little future.

The World Bank approach implies specified characteristics of good governance, leading to a 'report card' type of assessment which sees the potential recipient measured on a check-list of criteria for good governance that may produce a description of political and economic activity but little more. In the World Bank approach, there is little room for an analysis of either cultural values or political process—that is, the process that produces the characteristics being described and which, in the interests of good government, it is desired to change. This blinkered view reflects the fact that the debate, such as it is, has largely been conducted among the governments and agencies of the OECD with little participation by recipient governments. When the logic of the governance agenda may not always be evident to recipients, or its impositions represent a threat to those in power, then the pursuit of good government will remain largely a coercive process with little more than incremental gains to show for the longer term.

To date, the governance debate (and policy statements from donors) has concentrated largely on the defining characteristics of good governance and on the difficulties that lie in the way of implementing such an agenda, however it is defined. There have been check-lists of good government, but little progress in defining a path forward beyond the use of funding pressure to secure reform—an approach that requires a unified approach by donors and, in any case, tackles problems only when they are of major proportions rather than creating foundations that might avoid problems in the future.

From World Bank policy documents, and donor guidelines, a template of good governance characteristics could be defined and applied to a given country to produce a measure of good governance (Macdonald 1995:23–4). The difficulty with this approach is that it is overly dependent on the assessment of characteristics in the present and takes insufficient account of cultural diversity, historical context, local economic circumstances or the dynamics of political process (Aberbach and Rockman 1992:137). A template of this kind helps to define what a government is, and how it behaves, and might be used to assess the quality of its governance and to give it a score on a report card. What it will almost certainly not explain is how a political system actually works. Economic policies or development strategies

will be pre-programmed to fail if they do not take sufficient account of the local cultural environment and political process.

All of this suggests that, however well intentioned, the governance agenda is methodologically flawed, theoretically inconsistent, and it has yet to be seen whether it will achieve its objectives in the longer term. In particular, the dependence on formulaic economic prescriptions, the denial of diversity, and the unwillingness to explore political process and take account of local history, jeopardise the chances of reform through a mechanism that ultimately depends on conditionality, however explicitly it is defined. The examination of specific cases from Oceania suggests, rather, that better governance and sustainable development may require more patience, and more understanding of local circumstances, than aid donors are generally prepared to allow.

Governance in Oceania

The governance debate, which has now been in the international arena for nearly a decade, has had a growing effect on the policies of aid donors in Oceania though it has seldom been the subject of explicit debate. To date, and with a small number of exceptions, the emphasis seems to be upon the 'pre-governance' phase of economic conditionality rather than embodying any requirement for political reform. For this, there are a number of explanations. Most obviously, Pacific islands governments generally have democratic structures already (Larmour 1994a). Even if democracy might be seen as constrained, in Tonga or Fiji for example, by the standards of Sub-Saharan Africa there are no authoritarian regimes. Governments win or lose elections and there are mechanisms for constitutional change. Moreover, most Pacific islands countries retain close links with their former colonial powers through aid, immigration, fisheries surveillance, military assistance and, in a significant number of cases, by formal constitutional ties. To satisfy the United Nations and to meet nationalist and regional expectations, the administering powers of Oceania facilitated decolonisation through independence settlements and aid policies that not only recognised the sovereignty of the newly-independent or self-governing nations, but dignified their independence by aid-granting mechanisms that allowed island governments to set priorities (and even, in countries like Papua New

Guinea and the Cook Islands, provided budget subventions for recurrent expenditure). Here, through the granting of program aid, Australia and New Zealand respectively effectively allowed the island governments to control their expenditure without the necessity of identifying individual projects.

It is also important that in the post-colonial period the Pacific islands region has not only been generally politically stable, but politically aligned with the region's major aid donors—the United States, Australia, New Zealand, the United Kingdom, France and, more recently, Japan. There is a definable community of interest, and common understanding encouraged through regional organisations, notably the South Pacific Forum and the South Pacific Commission. It might be argued that this close relationship, and an underlying assumption that sufficient aid will be provided for a modest improvement of services, insulated Pacific island leaders from some of the harsher realities of aid funding and external leverage. There is occasional tetchiness, as in the independent fisheries and foreign policies pursued by Tonga, Kiribati and Vanuatu in the 1970s and 1980s, in differing perspectives on the South Pacific Nuclear Free Zone, trade access, or complaints over the priorities and paperwork in aid delivery, but these are more like family squabbles than fundamental differences of principle. Former colonial powers, now major aid donors, have derived generations of commercial and strategic advantage from Oceania and, in return, have provided national boundaries, immigration opportunities, colonial-based administrative systems and, more recently, aid and technical assistance—notably in such areas as urban services, educational and health support, radio and television broadcasting—that have in many ways turned island nations into cultural as well as economic and political client states.

Historical relationships, the small amount of aid required, political compliance (even quiescence) in regional and international affairs have meant that the region's major aid donors generally helped to maintain basic services and improve living standards for the first two decades of independence. In more recent times, however, there has been a discernible decline in social services, a worsening of urban living conditions, a substantial decline in the quality of public sector management and administration, and a growth in corruption (see, for example, World Bank 1996). Examples of the latter are readily found in Papua New Guinea, over forestry in Solomon Islands, and over the

Bank of Fiji. Opposition parties complain about the alleged mismanagement, dishonesty and partiality of governments and ministers but it is worth remembering that oppositions are tolerated, opposition groups are heard, and that those who are alleged to abuse office have generally been voted into it. What this means, returning to the three areas of World Bank concern, is that the *form* of the political regime is unlikely to be the basis of imposed conditions on development assistance, and that the *process* by which authority is exercised is likely to attract only limited attention. It is the third area of World Bank concern, the *capacity* of governments to design, formulate and implement policies and discharge functions that is attracting attention to the current weakness of governance in Oceania.

This raises the question of whether this weakness of capacity, which has been clearly identified by bilateral donors and international funding agencies, will become the subject of conditionality in the name of good governance, and hence place impediments on the freedom of governments to govern and, by implication, extend neocolonial control. Philosophically, few would question the right, indeed responsibility, of donors to ensure that aid funds are spent for the specified purpose and within designated standards of effectiveness. Donor governments have an obligation to their own citizens to ensure that tax dollars are spent effectively. On the other hand, the right of the elected governments of independent and self-governing states to govern according to electoral mandate is hard to challenge. There is an inevitable tension between the two; the indications are that donors are becoming more selective in their grants, more insistent on maintaining control, and more inclined to the imposition of conditions. The effect of this heightened tension has a significance wider than the attachment of conditions to specific projects. It raises the question of whether Big Brother, resented but tolerated, will return to being the heavy handed paternalist of the colonial era.

The growing interest of donors in the good governance agenda (whether defined in those terms or not) can be briefly illustrated. Perhaps the most obvious sign of the arrival of conditionality on the Pacific islands agenda was at the 1994 South Pacific Forum when Gordon Bilney, Australia's Minister of Pacific Islands Affairs, and Prime Minister Paul Keating delivered a tough warning to the assembled leaders. The main focus was on the sustainable exploitation of natural resources by foreign companies, but the context had been

set by discussion of poor economic performance over the preceding decade and, more specifically, on overlogging and underpayment in the forestry industry, low returns from commercial fishing, environmental degradation, heavy losses on civil aviation, increasing corruption and poor bureaucratic performance. It was made clear that Australia's aid to the region would not increase and that priority would be given to those governments seen to be addressing structural problems. The scene had been set for this approach two months before the Forum meeting when Bilney, in a public address, had signalled something of a shift from the 'constructive commitment' policy set by Foreign Minister Gareth Evans in 1988. Bilney used World Bank data to highlight 'disappointing' economic performance, and concluded

In short, whatever policies we've been following in the South Pacific. . . are demonstrably not working.

I would contend that the policy frameworks adopted in the region have often retarded the prospects for long-term sustainable growth.

No amount of regional and international assistance will bring about sustainable development in the South Pacific unless the countries of the region themselves play the leading role through the adoption of such national policies, including public sector reform and private sector development. . .

Island countries may need to ask themselves . . . whether some old social and economic habits and attitudes might need to be adapted, or even abandoned, if positive and beneficial change is to be secured and longer term social and economic aspirations met (Bilney 1994:2-3).

It was at the Forum meeting that the Australian government went the additional step of indicating that future funding could depend on a willingness to grasp the nettle. The election in 1996 of a Liberal-National coalition government committed to reducing the budget deficit will almost certainly mean a reduction in the overall aid vote and pressure to ensure that aid is 'better spent', which implies more rather than less conditionality. A review of aid policies may also produce a reordering of priorities (Callick 1996a).

Even at the 1994 Forum, it was clear that Papua New Guinea with its inability to cope with the Bougainville crisis, difficulties over forestry policy, widespread urban violence, corruption in government, and serious problems in public sector management and administration would be the early recipient of outside advice. Already, Australia had moved away from the 'program aid' that allowed the government of Papua New Guinea wide discretion in the expenditure in the use of

Australian aid. The Chan government's floating of the kina saw the currency devalued by 40 per cent through international correction; inflation was 19 per cent in 1995, and GDP fell by 4.7 per cent. In August 1995, the need to restructure public debt, and negotiate an 'economic adjustment' package presented the World Bank (representing a consortium of the International Monetary Fund, the Asian Development Bank, Japan and Australia) with the opportunity to address a wide range of issues. The outcome was a classic structural adjustment package, with a continuation of annual aid (about 400 million kina a year, mostly from Australia) and a bail-out allocation of some 450 million kina—the latter not predicated on political conditionality but certainly carrying conditions in key economic and administrative areas. The government was to implement sustainable forestry and fisheries management, accelerate the rehabilitation of Rabaul, reduce tariffs, promote infrastructural development through a shift in the balance of recurrent to capital spending in social and rural services, allow an enhanced role for non-government organisations, and rationalise rural services following the abolition of the provincial governments. In April 1996, the World Bank indicated that, unless more progress was made in meeting those conditions, the second instalment of some 210 million kina might be withheld. The government rejected the Bank's approach on two grounds—first, it claimed that implementation of the conditions was more advanced than the Bank acknowledged; second, that the Bank's approach represented an assault on the 'integrity and sovereignty' of Papua New Guinea. Sir Julius Chan, then Prime Minister, claimed that the Bank had 'destroyed many countries' (Callick 1996b:24). It was only after a sustained stand off, and Papua New Guinea's revision of its 1996–97 Budget, that the World Bank indicated its willingness to continue to fund the country's economic reform and recovery (Dorney 1996).

In recent times, the Cook Islands has staggered from one financial crisis to the next. First there was the Italian hotel venture that has been mired for years, then a 'letters of credit' scandal which, together with profligate government spending, left the government perilously exposed to financial disaster. There also was evidence at New Zealand's 'Winebox Inquiry' into tax fraud suggesting the complicity of Cook Islands officials and politicians in tax evasion deals. Quite aside from all this, the Cook Islands government had been spending beyond its means for several years and was on the borders of

bankruptcy for months. It is some NZ\$120–180 million (US\$80–120 million) in debt, has defaulted on the repayment of a loan from Nauru, could not pay the interest on international borrowing and, for a time, was unable even to pay its own public servants. Early in 1996, the public service numbered some 3100, of whom more than a thousand filled positions created since Sir Geoffrey Henry became Prime Minister in 1989 (Dreaver 1996:21–2).

The Cook Islands has had to abandon its own currency, and throw itself on the mercy of its major donors. The bail-out package, put together by the Asian Development Bank, will see the Cook Islands civil service reduced by about 60 per cent, and the salaries of the rest halved—no one has suggested that this will seriously affect the scope or efficiency of civil service activity. The salaries and very generous allowances paid to ministers and members of parliament will be reduced, many government services will corporatised or sold, and the government will be under significant restraint and ‘guidance’ in managing its affairs. After some initial rumblings, Sir Geoffrey Henry remains in office having refused to test his position by calling a general election. New Zealand has taken a low profile in the restructuring, leaving the Asian Development Bank to make most of the running, but, like Australia with Papua New Guinea, it has moved from program aid to project funding and, in reaffirming its usual aid allocation resisted demands from its own politicians to cut aid unless the Cook Islands government cooperate with the Winebox Inquiry.

In the cases of both Papua New Guinea and the Cook Islands, there is no doubt that impediments have been placed on the power of elected governments to manage their own economies and to propose economic policies that differ significantly from those imposed from outside. In both of these cases, the failings of the government are in the area of capacity, and the failure is bringing with it conditionality imposed by international agencies. This amounts to a constraint on sovereignty, and it is no less neocolonial by virtue of being imposed by an agency than by a bilateral donor. This raises the question of whether economic weakness can remain a national responsibility when the means of overcoming it require not only national commitment and political will but substantial resources from outside. For donors, there is the question of maintaining accountability while meeting the broader objectives of overseas development assistance.

We might also consider the case of Solomon Islands, where under the Mamaloni government there was an acceleration of export logging and allegations that ministers and senior public servants are involved in corrupt relationships with foreign logging interests. Logging exports were running at 850,000 cubic metres a year, well above the sustainable yield which is now estimated to have fallen to 275,000 cubic metres per year (*Pacific Report*, 23 October 1995; 20 November 1995). The government has allowed tax discounts to some exporters, including a company associated with the Prime Minister. Australia, citing the Solomon Islands government's failure to establish a sound forestry policy leading to a sustainable industry, has withdrawn a A\$2.1 million forestry aid project (*Pacific Report*, 22 January 1996).

The cases of Papua New Guinea and Cook Islands demonstrate the importance of a crisis in allowing donors to maximise leverage. Both countries faced the combined pressure of creditors and donors giving them little choice in acceding to donor conditions. In the case of Cook Islands more than Papua New Guinea, the recent crisis has led to a public appreciation of the issues involved and of the necessity for reform. It may also have generated acceptance that the ways of the past cannot be the ways of the future; the opportunities created for the private sector, in particular will create a future discipline for the government. In the case of Papua New Guinea, the potential for overseas earnings from mining and forestry, in particular, will weaken donor conditionality once the immediate crisis has passed. Solomon Islands, though suffering from unstable governments and weak public sector management, is generating high revenues from forestry exports and is unlikely to face a similar financial crisis until available forestry resources are exhausted, perhaps within a decade. Internal recognition of crisis or near crisis, as in Fiji after the coups, can also provide the political will and public acceptance needed for a program of economic reform (Akram-Lodhi 1996). This all suggests that the implementation of the good governance agenda, however well-intentioned, may well depend on a further worsening of economic conditions, living standards and failings of civil society before the conditions will exist to make possible the exertion of sufficient leverage to ensure the acceptance of good governance provision as the condition for development assistance. It also suggests that a longer term view that depends less on a formulaic approach to economic development, and

more on a recognition of local circumstances and cultures, may offer a better chance of achieving the good governance agenda.

An alternative approach: the case of Kiribati

If the primary concern of donors about the Pacific islands is not so much the form of political regimes as the failure to expand civil society, secure economic growth and develop sound public sector management, there is little evidence to suggest that conditionality will succeed where the efforts of national governments have failed. Indeed, some recent research along these lines using the Republic of Kiribati as a case study suggests that the twin goals of participatory democracy and economic liberalisation may be in conflict with one another—not just as a matter of short-term priorities but at a more fundamental level.

In a project funded by British Aid, I was invited in mid-1995 to undertake a study of governance and political process in Kiribati. There was no limitation on the scope of the research, and no restriction on publication of the findings (Macdonald 1996). The intention was to apply some of the more academic debates to a case study to see how far they might be applicable to small Pacific island states. For the project, templates on governance and political process were produced and used to structure reports on Kiribati's politics, society and the economy since independence. The first template explored issues of governance as they have been defined by the World Bank. The second template focused on the underlying political structure and process and sought to explain the nature of government, policy formation and administration in Kiribati. The research demonstrated the way in which the openness and accountability of political process is inextricably tied not only to Kiribati's political experience but to fundamental values in *I-Kiribati* society. The findings suggest that fundamental tensions exist between 'the government' and 'the people' and that these are both constrained and mediated through the electoral process. These tensions, which help to ensure that the government remains responsible, responsive and accountable, also create barriers to the formulation and maintenance of long-term policies, the reform of public sector management, and the privatisation of the economy.

From a governance perspective, then, Kiribati would score well for its participatory democracy and the accountability of its government.

The constitution of Kiribati, which was prepared with wide public consultation, is a blend of Westminster principles and *I-Kiribati* perceptions of the role of government and the appropriate relationship between politicians and people. The electoral system is based on universal suffrage and broad geographical representation. There are high levels of participation in the electoral process though, in practice, women play little part in the formal political system. Urban dwellers are under-represented on a population basis. Alongside the formal constitution and local government structures, the traditional élite of elder males still exercises considerable power through informal village and island councils. Political parties are emerging but they represent coalitions of politicians rather than mass politicisation. There is a strong emphasis on accountability and responsiveness to public concerns in the electoral system, parliamentary procedures, and in the broadcast of parliamentary debates. These principles are being reinforced through a constitutional review and wide public consultation and discussion. The allegations of ministerial misconduct which brought down Teatao Teannaki's government in 1994 proved on investigation to be no more than a claiming of expenses for home islands visits according to accepted understandings of the schedule of allowances if not the letter of the law. A small group of ministers were asked to repay sums totalling some A\$5,000.

Human rights are guaranteed by the constitution and are respected in practice. Almost all *I-Kiribati* are Christian and churches play a significant role in education which has been universal at primary level for generations, thus providing for a high level of literacy. There are few specific protections for women's rights, and no formal discrimination, but the traditional concentration of power in men's hands, and the expectation that women should adopt a supporting role, means that women are under-represented in politics and in salaried employment despite making a significant contribution through the subsistence economy and domestic responsibilities. While *I-Kiribati* leaders might place a priority on the protection of 'custom', such *de facto* discrimination might pose difficulties for donors who see improvement of the status of women as a matter of human rights, a central governance issue. Inevitably, there has been some tension between the two, especially in the area of education policy and the allocation of scholarships.

In the areas of capacity, especially economic policy and public sector management, Kiribati would score less well against the World

Bank criteria. The public sector is small in absolute terms but large as a proportion of the economy and in terms of the work to be done. Public sector management is weak because of serious skill shortages, especially in financial areas, and cultural restraints on management. It is difficult, for example, for an *I-Kiribati* to ask a subordinate more than once to complete some task, to ask if it has been done, or to criticise if it has not been done. These difficulties also limit the effectiveness of the audit process. Public preference and government policy stand in the way of further privatisation of the economy and major public service reform. It follows that the capacity to formulate and implement policy is limited, and that there are delays in response at all levels of the Public Service. There is more a sense of minimal compliance than of public service; although the situation is changing, especially for young graduates; however, most individuals are reluctant to seek responsibility or to exercise it for fear of being thought 'shiny', and being seen as regarding themselves as 'above' their fellow-workers.

In the past decade, Kiribati has experienced little economic growth. In real terms, per capita incomes and standards of living have steadily eroded over the past decade. Overall GDP growth was only 1 per cent per annum between 1984 and 1993 which has meant a decline in real per capita terms of almost 2.5 per cent per annum. With the impact of earnings from the Revenue Equalisation Reserve Fund (invested revenues from the now defunct phosphate mine at Banaba) and remittances, however, GNP per capita for the same period grew at an annual rate of 0.4 per cent (Fairbairn 1992). (More than a thousand merchant seamen working overseas account for 10 per cent of wage employment; collectively, they remit some A\$5 million a year to families in Kiribati.) A 1995 economic review put per capita GNP at A\$1060 and per capita GDP at A\$617, the latter being the lowest among the small Pacific islands states.

All of these factors impose barriers to the achievement of the basic macroeconomic goals of improving economic growth, diversifying the economy, reducing aid-dependence and improving standards of living. Kiribati relies heavily on official development assistance, mostly for capital investment which is concentrated in the areas of infrastructure, administration, health and education. Aid flows account for nearly half of GDP. About 25 per cent of the adult

population is engaged in some form of cash employment, compared with nearly 50 per cent working only in the subsistence sector.

A feature of the past decade has been the emergence of small businesses on South Tarawa. Small village stores and various bus operators compete for business and, more recently, there has been a strong growth in the local fishing industry. Some of these businesses are owned by individuals and some by families. Collective ownership, which is rather more in tune with traditional preferences towards cooperative economic activity (a particular trait in the southern Gilbert Islands), is also present with island associations on South Tarawa and both major churches being significant players. At the 1990 census, only 9 individuals (as distinct from companies or voluntary organisations) listed themselves as employers, and most of these would have been among the non-*I-Kiribati* section of the population. These same trends towards commercial development are also evident on the outer islands, though not to the same extent. Alongside the growing retail sector, there are a number of local businesses in construction and vehicle maintenance. There is a high casualty rate among these small businesses, many of which operate without bothering to secure a trading licence from the government. A policy of corporatisation (leading to privatisation) introduced by governments in the 1980s and early 1990s has been marked by a lack of success with serious management and financial difficulties facing several state owned enterprises. For political rather than economic reasons, the new government elected in 1994 has abandoned this policy, despite the concern of donors, and has declared a preference for government-owned corporations though with an accompanying commitment to stronger management and greater efficiency.

The Revenue Equalisation Reserve Fund, supported from phosphate earnings from 1956 until 1979, is intended to provide funds to supplement the budget. Standing at A\$68 million just before independence, it increased rapidly in the 1980s through a strategy of investing for capital growth (in part prompted by the restrictive terms of the financial settlement made with the United Kingdom at independence) and minimising drawings to support the recurrent budget. The value of the fund stood at A\$255 million early in 1992 and then grew steadily to exceed A\$350 million by the end of 1993. Reflecting world share market trends, it dipped to A\$318 million in

late in 1994 recovered strongly to have a value of A\$360 million at June 1995 (Duncan, Larmour and Hunt 1995; Kiribati Government 1995c).

In modern Kiribati, wealth and direct political power is concentrated in the hands of the Western-educated politico-bureaucratic élite which is generally concentrated on South Tarawa. Behaviour within this élite, like personal activity and the performance of government, is constrained by cultural norms and values which are integral to *I-Kiribati* society. In particular, there is an expectation that individual interests will be subordinated to those of the family and community, and a high value is placed on conformity to community norms. Individual displays of wealth, personal aggrandisement, or leadership by direction will lead to community censure.

These values associated with *te katei ni Kiribati* (the Kiribati way) are reinforced informally, and through the formal political process, by the *unimane* (the old men), who have traditionally led *I-Kiribati* society. Informal island councils of *unimane* still have significant influence in the election of Members of the House of Assembly and the President, and remain a powerful force in local government. Community leaders seek to maintain the ultimate control over the shape and direction of a central government which is often viewed with some suspicion and perceived as having interests and impulses which are fundamentally at variance with those of 'the people'. There is widespread public understanding of the political process; moreover, the broadcasting of parliamentary debates stimulates public interest and generates a widespread understanding of both issues that face the government and those that divide the politicians.

The most fundamental principle of Kiribati elections is that politicians are elected on the basis of personal achievements rather than as representatives of any party, organisation, policy, class or ideology. Political parties may reflect common positions among politicians, but they fundamentally exist as creations by and for the politicians themselves. The 1994 presidential campaign, which saw a commitment to policies to increase the copra price and to abolish some school fees, was the first occasion on which such specific policy commitments had been made in the course of a presidential election and may represent a new phase in *I-Kiribati* politics.

Ideally, in *I-Kiribati* society, leadership is consensual, avoiding confrontation or the public criticism or embarrassment of others. Leaders should be seen as expressing a community view. Because

leadership was traditionally exercised by men, women seldom speak in public meetings and only three have ever been elected to parliament. The absence of a Westminster-style party system forces individuals to rely on personal qualities to secure election and then governments are formed by negotiation among politicians. In recent elections, however, parties have assumed increasing importance, especially in the selection of the candidates for the national presidential election by the Members of the House of Assembly. Here, a comparison with Solomon Islands is instructive. In both countries, party structures are weak, and power lies with politicians who negotiate coalitions. In Kiribati, a post-election coalition of interests, once negotiated, is expected to retain stable membership and a majority until the next election or, in exceptional circumstances, until it is defeated on a vote of no confidence. In Solomon Islands, by contrast, there may be a constant reshaping of the ministry and the basis of its support without reference to the electorate (Steeves 1996).

In Kiribati, the dependence of individual politicians on a volatile electorate—some 45 per cent of politicians have lost their seats at recent elections—generates a hesitation about tackling contentious issues. This hesitation, together with the absence of a formal party structure or any driving principle or ideology within government, limits the commitment of governments to policies. There is a more common tendency to ‘sell’ the qualities of the leader and a broad approach to government issues (van Trease 1993; Macdonald 1996).

Such a socio-political structure poses difficulties for policy formation and implementation. The decolonisation and post-independence years have seen the development and consolidation of protocols and structures that reaffirm the constitutional pre-eminence of ministers over public servants. Most policy formulation, however, involves third parties as well as politicians and their advisers. In particular, and to some extent by default, aid donors play a significant role in policy formation to the extent that ‘ownership’ of a given initiative, policy, or project may effectively pass to the donors. Moreover, the limited policy-formation capacity of the Kiribati government, and the requirements and conditions imposed by donors, effectively erode *I-Kiribati* participation and undermine the effectiveness of the development process.

Because Kiribati is composed of scattered coral islands, with small populations and minimal resources, government has traditionally had a dominant role in the economy and the provision of services. It

follows that the public sector is the dominant source of salaried employment. As the largest employer within Kiribati, the Public Service is perceived as a source of safe employment, an agency for wealth distribution and, in effect, of welfare provision. This perception, together with *I-Kiribati* attitudes to employment, management and the role of government, and the centralised nature of the former colonial regime, have left a powerful heritage in the form of a Public Service which is hierarchical, status conscious and tends to explore and administer policy initiatives from above (ministers) and outside (aid donors) rather than developing alternatives from within. Managerial capacity is affected by cultural restraints which make it difficult for managers to manage. This factor, together with the smallness of the bureaucracy and critical skill shortages, means that the government often finds it difficult to provide service in more than a minimal way, and that government-owned 'commercial' activities have difficulty in defining strategic objectives, making profits, or operating efficiently.

While land ownership remains largely individual, there are strong traditional preferences for cooperative economic activity both on outer islands and through island associations and the major churches on South Tarawa—the latter providing a mechanism for the development of private, but collective, commercial enterprise that is slowly opening the way for individual entrepreneurs. Similarly, there is little enthusiasm for individual saving despite, or perhaps because of, the development of a strong tradition of community savings. There is an inevitable tension between external pressure towards the privatisation of the economy and *I-Kiribati* preferences for collective economic activity and cultural restraints on individual wealth and 'efficient' management.

Public service reform, like a change in the practice of policymaking, is inextricably tied to more fundamental issues of political structure and process, and to underlying public attitudes towards the nature of government, the role of government in the provision of services and as an employer, and in the perceptions that 'the people' have of 'the government'. A significant factor in the defeat of the Teannaki government in 1994 was the widespread belief that its austere economic policies had become too 'hard' on the people, and that it had ceased to serve their interests. This suggests that, despite the changes in form and process that have occurred since independence, the basic

principles remain unchanged as does the public perception of, and attitude towards, politicians and the political process.

While the politico-bureaucratic élite might seem to live in a world far removed from that of the majority of the population, and to wield power disproportionate to its numbers, there are significant mechanisms that maintain accountability. The most important of these is the power of the traditional élite, most obviously manifest in the power of the *unimane*, the old men, both in their control of community affairs and their role in the electoral process. The smallness of the population, the tightly integrated nature of village communities, and high levels of literacy are also important in maintaining the transparency of the political process and the accountability of those who assume public office and enjoy its rewards. The personal qualities expected in those seeking public office, the expectations that the people have of their politicians, cultural restraints on individual wealth and asset accumulation, and the inherent suspicion that 'the people' have of 'the government', create tensions that are both controlled and mediated through the national electoral process. Moreover, these same tensions, that help to ensure that government remains responsive and accountable, also create barriers to the formulation and maintenance of long-term policies, the reform of public sector management, and the privatisation of the economy. In this case, at least, the twin pillars of neoclassical economics and participatory democracy, which support the World Bank's approach to governance, seem to be leaning in opposite directions.

Conclusions

These conclusions have major implications for aid donors and development advisers. They suggest that current approaches are inadequate because they are based on assumptions formulated outside the cultural and political context of Kiribati and take insufficient account of local conditions that make it difficult for *I-Kiribati* officials and ministers to formulate and implement policies that might have donor approval under current regimes. Kiribati has open, democratic government that, in traditional cultural terms, has strong safeguards and mechanisms that ensure that politicians remain accountable. But there are difficulties in applying the 'good government' criteria to economic policy and public sector management. An understanding of

these apparent contradictions is crucial to the development process. The sense of frustration apparent among aid donors, generated by the difficulties of sustained policy implementation and even project completion, is understandable but can be explained only partly in terms of the limited technical capacity of the Kiribati government to sustain major projects. As important, especially in the longer term, is the sense that 'ownership' of projects (and even, sometimes, of policies) has passed from *I-Kiribati* to donor interests and that the bureaucratic requirements of donors create significant barriers to implementation. A stronger donor presence in recipient countries, and a willingness to understand local conditions and values in the formulation of policy and the design of projects, seem logical starting points for more effective aid delivery and, in the longer term, might prove more effective than imposed conditionality.

These conclusions have broader implications. First, they raise fundamental questions over the assumptions that democratic political process and improved economic performance are necessarily compatible goals. While it might be demonstrated historically that increased economic participation and the encouragement of capitalism has usually generated demand for increased political freedoms and participation, it can still be argued—at least if East and Southeast Asian economies are any guide—that state intervention and some restraint on democratic process produce higher levels of growth. This is not to advocate one approach or the other, merely to observe that the linkages between democratisation and economic development are more subtle and more complex than economic models and political ideology allow. The second fundamental implication is that the formulation and implementation of policy (for economic growth or in other areas), in developing countries must take account of social foundations and political process. A failure to do so, is likely to be as great a cause of under-achievement as the inadequacy of the policy or the incapacity of the government to implement it. It is this failure to recognise the importance of social foundations and political process which undermines local 'ownership' of development initiatives, and limits their effectiveness. These factors are as important as weakness in the public sector management, the fragmentation of political groupings, and the volatility of political life in limiting the capacity of governments to make and implement policy for the medium and longer term.

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3

From promise to crisis: a political economy of Papua New Guinea

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The island of New Guinea was one of the last parts of the globe to be subjected to European colonisation,¹ and when the eastern half of the island became independent as Papua New Guinea, in 1975, the extent of colonial penetration remained limited.

In the late nineteenth century and early twentieth century there was some land alienation and development of European plantations in the territories that were to become Papua New Guinea, principally in the New Guinea islands (New Britain, New Ireland and Bougainville) and along parts of the north and south coast. Much of the commercial interaction between Europeans and the Melanesian population, however, involved trade: principally the exchange of copra, pearl and trochus shell, and bird of paradise skins for European goods.

Following the First World War there was some further plantation development, primarily by big companies, and a system of head taxes on Papua New Guineans encouraged them to produce copra and to engage in wage labour. In the 1920s, discoveries of gold brought a new influx of prospectors and by the early 1930s gold had surpassed copra and coconut products as the territories' major export. At the outbreak of the Second World War, however, the European presence was still largely confined to the New Guinea islands and a thin coastal fringe;

the populous highlands, which in the postwar years became the main focus of the colonial administration's development efforts and a reservoir of labour for coastal plantations, had only recently been contacted by miners, missionaries and government officers, and was still largely unknown territory to Europeans.

After World War II the pace of development accelerated. The colonial administration was gradually reestablished and extended into more remote areas.² Prewar copra, cocoa and rubber plantations were at least partly rehabilitated and new plantations, largely in the hands of Australian settlers, were established. Much of the new development took place in the highlands, where coffee ('brown gold') was the main crop.

In the new political climate, however, government policy was directed more specifically to ensuring that economic development benefited the Papua New Guinean population. In presenting the *Papua New Guinea Provisional Administration Bill 1945*, Australia's Minister for External Territories told the Australian parliament

[t]his Government is not satisfied that sufficient interest had been taken in the Territories prior to the Japanese invasion...the Government regards it as its bounden duty to further to the utmost the advancement of the natives...In future, the basis for the economy of the territory will be native and European industry with the limit of non-native expansion determined by the welfare of the natives generally (Australia 1945).

Settler plantations, on leased land, were seen in part as a means of stimulating Papua New Guinean smallholder cashcropping, and by the mid-1960s smallholder production of coffee exceeded plantation output. Government expenditures on education, health and physical infrastructure expanded markedly, cooperatives and local government councils were established, and steps were taken to identify and assist Papua New Guinean entrepreneurs.

In 1950 the first of a series of UN visiting missions came to Papua New Guinea to review Australia's performance of its mandate in New Guinea. It called for increasing participation of Papua New Guineans in the economy and in politics. A Legislative Council was established the following year. Shortly after this the Australian government commissioned a team from the Australian National University to review the development needs of Papua and New Guinea; their report recommended that priority be given to the development of

smallholder agriculture, the establishment of a road system, and fiscal reforms; they also endorsed the administration's policy of limiting land alienation (Spate, Belshaw and Swan 1953).

Development proceeded on a broad front during the 1950s and 1960s, though there was considerable ambiguity about the objectives of Australian policy, with many in Australia and Papua New Guinea believing until well into the 1960s that incorporation of Papua New Guinea as a seventh state of Australia was a serious option, and that economic self-sufficiency must precede political independence (Parker 1970). In 1962 another visiting UN mission criticised Australia for its lack of clear forward planning (although an initial five year plan had been drawn up the previous year). Partly in response to this criticism the Australian government invited the International Bank for Reconstruction and Development to carry out an economic survey of the territory, and this was done in 1964. Another outcome of the mission's report was the establishment of the University of Papua New Guinea, which commenced teaching in 1966.

The so-called World Bank report of 1964 (International Bank for Reconstruction and Development 1965) became a major focus for debate (Curtin 1968; Coombs 1965; Schaffer 1965) about Papua New Guinea's economic future. In essence, it supported a development strategy based on maximising the growth of areas of greatest export agricultural potential, through the provision of infrastructure, credit and extension, and the encouragement of foreign private capital. It also urged investment in human capital, and advised that the level of government services (which largely reflected Australian standards) be geared to local conditions. Little was said about either mining or the possibility of industrialisation.

Although the World Bank report provided a more comprehensive review than had been previously attempted, its recommendations suggested no real substantive change of direction in existing policy. Following the appointment of an Economic Adviser (Bill McCasker) to the administration in Port Moresby, in 1967–68 two major economic policy papers were produced (Papua New Guinea 1967, 1968, 1971) which, in effect, sought to provide a basis for implementing the administration's economic development strategy in broad conformity with the World Bank report. These documents provoked a lively debate, particularly among academics in Port Moresby and Canberra, progressives within the Reserve Bank of Australia's Papua New Guinea Department, and Papua New Guinea's emerging nationalist

élite (Wilson 1968; Curtin 1965, 1968; Crocombe 1968, 1969; Kaputin 1969; Arndt, Shand and Fisk 1969; Epstein 1969; Reay 1969).

The existence, in the late 1960s, of an articulate nationalist group was itself a manifestation of the increasing pace of political development. From the largely administration-dominated Legislative Council, Papua New Guinea had progressed to its first national elections in 1964 and its second in 1968. Although the first two parliaments continued to be heavily influenced, and sometimes clearly dominated, by appointed and elected expatriates, and although a sense of national purpose was still embryonic, the lead-up to the 1968 election saw the emergence of Papua New Guinea's first major political party, the Papua and New Guinea Union (PANGU Pati), and growing demands for increased Papua New Guinean participation in politics and the economy, and for early independence. Expectations of political change were further stimulated by the 1969 visit of Australian parliamentary opposition leader Gough Whitlam, who promised that if elected he would grant Papua New Guinea Independence. By the late 1960s, also, construction had commenced on one of the world's largest gold and copper mines, at Panguna on Bougainville. Though there was opposition from local landowners, the Bougainville mine promised to give the young nation a degree of economic security substantially greater than was implicit in dependence on export agriculture.

In 1972 Whitlam became Prime Minister in Australia. The same year Papua New Guinea's third national elections brought to office the territory's first truly Papua New Guinean government, a coalition headed by Pangu Pati's Michael Somare. The following year Papua New Guinea became self-governing and in September 1975, in the face of some opposition from leaders in the more recently-contacted highlands (who feared economic and political domination by the better educated coastals), it achieved independence.

Within Papua New Guinea the transition to independence, from around 1969 to 1975, was a period of intense debate and, relative to the preceding decades, very rapid change. Increasing political awareness, and rising levels of education (the University of Papua New Guinea produced its first graduates in 1970) was reflected in widespread discussion of Papua New Guinea's development options, including alternative models of economic development from Tanzania and China (Clunies Ross and Langmore 1973; May 1973). Following Somare's election in 1972 as Chief Minister (a position which in 1975

translated into Prime Minister) the office of the economic adviser was closed and a new Central Planning Office established. The same year a team led by Michael Faber from the Overseas Development Group, University of East Anglia, was contracted by the IBRD to report on development strategies over the next five years.

The Faber Report (Papua New Guinea 1973) marked a departure from the comparative orthodoxy of previous reports. Its opening paragraphs stated

The model of development proposed, and the balance of development strategies recommended will be seen to be different from those incorporated in the last programme of the Papua New Guinea administration. This should not be regarded as a criticism of the last programme so much as a recognition that the situation has changed profoundly, both economically and politically ... whatever the merits of the past programme, the consultants ... found that the need for a marked change in emphasis was now widely recognised by those in public life and in the public service both within the Papua New Guinea administration and within the Commonwealth government (Papua New Guinea 1973:2).

As reflected in its recommendations, the main elements of this change in emphasis were

- increased indigenous control of the economy and indigenisation of many forms of economic activity (including the public service)
- increases in opportunities for employment, especially income-generating self-employment
- emphasis on 'projects and policies that will directly increase the incomes of PNG nationals, and of the poorest sections amongst PNG nationals'
- greater emphasis on rural development, including food production and the development of urban-centres in the countryside
- a progressive reduction in dependence on aid and, ultimately, foreign capital.

Underscoring the change in emphasis, the authors said: 'Maximisation of the growth of Papua New Guinea's domestic product has not, of itself, been set as a long term objective ... we believe that the emphasis of the next plan should be on localisation/indigenisation, rather than growth' (Papua New Guinea 1973:4, 13). Other recommendations included procedures to release land for development, removal of a wide range of regulations 'imposing

western-style standards of design, safety, etc.' on small scale operators;;broadening of the tax base, a 'regional development package' (which included strengthening local government and cooperatives, decentralization of service centres and development of growth points in less developed areas, and the promotion of self-help at village level) and a review of the Bougainville mining agreement.

The Faber Report resonated the predominant nationalist economic discourse of Papua New Guinea in the early 1970s. The approach was endorsed in late 1972 by the Somare government's eight-point 'Improvement Program'. The government's eight aims were

1. a rapid increase in the proportion of the economy under the control of Papua New Guinean individuals and groups and in the proportion of personal and property income that goes to Papua New Guineans
2. more equal distribution of economic benefits, including movement toward equalisation of incomes among people and toward equalisation of services among different areas of the country
3. decentralisation of economic activity, planning and government spending, with emphasis on agricultural development, village industry, better internal trade, and more spending channelled to local and area bodies
4. an emphasis on small scale artisan, service and business activity, relying where possible on typical Papua New Guinean forms of business activity
5. a more self-reliant economy, less dependent for its needs on imported goods and services and better able to meet the needs of its people through local production
6. an increasing capacity for meeting government spending needs from locally raised revenue
7. a rapid increase in the equal and active participation of women in all forms of economic and social activity
8. government control and involvement in those sectors of the economy where control is necessary to achieve the desired kind of development.

The eight aims were subsequently incorporated in the five 'National Goals and Directive Principles' included in the preamble to the Constitution of the independent state in 1975

1. integral human development
2. equality and participation ('...all citizens to have an equal

- opportunity to participate in, and benefit from the development of our country')
3. national sovereignty and self-reliance ('... Papua New Guinea to be politically and economically independent, and our economy basically self-reliant')
 4. national resources and environment ('... national resources and environment to be conserved and used for the collective benefit of us all...')
 5. Papua New Guinean ways ('...to achieve development primarily through the use of Papua New Guinean forms of social, political and economic organization').

They also provided the basis for a new economic plan, *Strategies for Nationhood*, published by the Central Planning Office in 1974.

While the emphasis on localisation, equitable distribution, and decentralisation addressed issues of real and practical importance in the early 1970s, it also served broader political ends. As one who was closely involved in policy development in the early 1970s later commented the statement of the eight aims 'was probably the closest the ministry came to expressing a general ideological stance...[though] like the Bible, the Eight Aims could be quoted in support of almost any proposal' (Lynch 1981). There was, clearly, an element of romanticism in elaboration of the new development strategy, as there was in the broader contemporary philosophy of 'the Melanesian Way' (Narokobi 1980); and it was frequently observed that the eight aims did not provide a specific guide for policy formulation and even implied conflicting directions. Moreover, McCasker and others could rightly point out that the *extent* of change in policy objectives was often overstated, since issues such as localization, equitable and regionally balanced development, and priority to rural development had long been recognized in policy documents.

Nevertheless the strong endorsement of these values in the lead-up to independence was important, and the rhetoric was given concrete form in a number of new institutional arrangements in the 1970s (Garnaut 1981; Downs 1980). These included the publication of 'Investment Guidelines' in 1973 and the creation of a National Investment Development Authority (NIDA) to regulate the direction and level of foreign equity investment; the establishment of a Village Development Task Force and an Office of Village Development; the funding of a Rural Improvement Programme to support development initiatives by local government councils; a feasibility study of regional

growth centres; the creation of a National Cultural Council and provision of funding for regional cultural activities; and the promulgation of a Leadership Code and creation of the office of Ombudsman.

Responding to demands by Bougainvillean politicians and the advice of the Faber Report, and influenced by the high level of Bougainville Copper's early profits, the government in 1974 renegotiated the Bougainville mining agreement, securing what was generally accepted as a better formula for the government. At the same time a Mineral Resources Stabilisation Fund was created, to even out the impact on the budget of fluctuations in the flow of revenue from the mine.

On independence, then, Papua New Guinea could count, on the positive side: a reasonably diversified, and generally healthy, export-based agricultural industry; one of the world's largest copper and gold mines already in operation, and other mining and petroleum projects in prospect; a framework of soundly based policymaking and financial institutions; a healthy subsistence economy; and an ideological commitment to an open economy—though with some provisions to increase local participation in business—and to policies of inter-personal and inter-regional equity in the distribution of benefits from development. The negotiation of a five-year development assistance agreement with Australia also gave the independent government the initial security of fairly generous budgetary support.

As against this, among a number of negative factors, Papua New Guinea inherited a workforce which was, relative to other countries in the region, low-skilled and highly paid (making industrialisation a difficult development option) (Mannur and Gumoi 1994), a large and mostly inexperienced public sector workforce and a level of government service provision which could not be sustained without external assistance (in 1975/6 28 per cent of government income came from the Australian aid grant, and in 1976/7 39 per cent), an economy heavily dependent on commodity prices over which Papua New Guinea had no control, a high population growth rate (around 2.4 per cent per annum between 1970 and 1975), and an emerging problem of maintaining law and order.

During the first decade or so of independence, although adversely affected by international oil price rises, economic performance was generally satisfactory: increases in real GDP were small (averaging 1.4 per cent over the period 1976–85) but, except for one year, positive;

there was a gradual diminishing of dependence on aid; and, under the government's 'hard kina' strategy (Dahanayake 1982; Garnaut and Baxter 1983), economic management was sound. In 1982 a second large gold and copper mine had come into production at Ok Tedi, and further mining and petroleum prospects were being developed or investigated at Porgera, Mt Kare, Misima, Lihir, Kutubu and Hides. Notwithstanding this, the rate of growth in real GDP declined each year from 1987, with negative growth rates in 1989 and 1990 after an armed rebellion led by landowners in the Panguna area forced the closure of the Bougainville mine. GDP then increased strongly in the early 1990s before slumping again in 1994.

In the period of accelerated development between 1945 and 1975, the government sector was a major contributor to growth, particularly in promoting agricultural development and small business. In 1974/5 government spending represented 36 per cent of market GDP and public sector employment accounted for 28 per cent of the formal workforce. Following independence, government spending was sustained at what were, by regional standards, fairly high levels by development assistance from Australia, mostly in the form of general ('untied') budgetary assistance. In the early post-independence years, consistent both with the Papua New Guinea government's stated aim of self-sufficiency and with the policy of the Australian government, the level of development assistance was progressively reduced, falling from 39 per cent of government revenue in 1976/7 to 25 per cent in 1985 and 17 per cent in 1988. This was substantially offset by increases in taxation revenues, principally from the Bougainville mine, which in 1988, before its forced closure, contributed around 17 per cent of government revenue.

The closure of the Bougainville mine deprived Papua New Guinea of a major source of government revenue and export earnings. Nevertheless, government spending continued to rise. Already in 1986 there were warnings about excessive government spending and of a bias to recurrent spending at the expense of maintenance and new capital expenditure. Nevertheless, in many rural areas, from the early 1980s there was a visible deterioration of roads, schools, aid posts, and other capital. The effects of this were often exacerbated by destruction of assets as a result of tribal fighting, 'payback' for non-payment of demanded compensation, or vandalism. Problems of law and order had emerged in the 1970s, but reached new levels in the 1980s; the first of several states of emergency was declared in the national capital,

Port Moresby, in 1984 and the Papua New Guinea Defence Force (PNGDF) was called in to assist civilian authorities (May 1993).

In 1985 following a change of government, which brought highlander Paias Wingti to the prime ministership, there was also increasing politicisation of the public service. This was underlined by the introduction of a *Public Services (Management) Act 1986*, which effectively emasculated the quasi-independent Public Services Commission and greatly facilitated the government's control over public service matters (Turner 1991).

As well as cutting off revenue from the mine, the Bougainville crisis made additional demands on expenditure: defence spending rose from K40 million in 1988 to K92 million in 1991, and from 4.3 to 7.7 per cent of total government expenditure; moreover the defence budget was repeatedly overspent (by a massive 81 per cent in 1991). Notwithstanding this, in 1993–94 PNGDF aircraft and boats could not be used because the PNGDF could not pay for fuel and maintenance.

With expenditure growing in excess of revenue, government borrowing expanded. By 1994 debt repayment and servicing represented about one third of government spending and the government was facing a fiscal crisis (National Centre for Development Studies 1995; AIDAB 1993; AusAID 1996). In March 1994 the government introduced a 'mini budget' and three months later negotiated a loan of US\$102 million from a group of overseas private lenders based in the Cayman Islands, on the condition that interest on and repayment of the loan have first call on mining and petroleum revenues which would otherwise be directed to the Mineral Resources Stabilisation Fund. By this time the government owed substantial amounts to local creditors (including members of the Papua New Guinea Defence Force) and its international credit rating was being downgraded.

In August 1994 a further change of government brought in a new coalition headed by former finance minister and prime minister Sir Julius Chan. Within weeks of taking office the Chan government first devalued and then floated the kina, but persistent fiscal and foreign exchange difficulties forced the government in 1995 to negotiate an emergency loan brokered by the World Bank. Popular protest at some elements of a structural adjustment package attached to the loan was expressed in public demonstrations. The following year a World Bank-led mission visited Papua New Guinea but after an acrimonious exchange with Papua New Guinea officials left without completing

consultations, and payment of the second *tranche* of the loan was postponed.

In 1994 Papua New Guinea's per capita GNP was US\$1474, about three times the level at independence, placing it amongst the middle range of developing countries (above Indonesia and the Philippines). However, on a range of social indicators Papua New Guinea was ranked among the lower-income developing countries, and in most areas covered by these indicators improvements from 1975 were modest.

Given its fortunate resource endowment, its early aspirations, and its generally sound beginnings, why has Papua New Guinea's economic performance been so disappointing, and what are its prospects?

Before addressing these questions at a broader level it is necessary to make an initial point about the principal economic aggregates. Although commodity prices generally improved in the early 1980s, low levels of growth in GDP, a steady decline in the real value of Australian development assistance, a high population growth rate, and high expectations on the part of Papua New Guinea's citizens, placed severe strains on government financing. Papua New Guinea's second largest gold and copper mine, at Ok Tedi, came into production in 1982, but because of tax concessions written into the Ok Tedi agreement the mine did not make a direct contribution to public revenue until 1987. Soon after this the Bougainville crisis took away the revenue from the Bougainville mine and imposed new costs of maintaining internal security and providing for restoration and rehabilitation. As a result, the additional revenue from Ok Tedi and other minerals projects coming on stream in the early 1990s did little more than fill the gap created by the loss of revenue from Bougainville and the continuing decline, in real terms, of Australian aid. In other words, the so-called 'mining boom' was largely illusory; the real effect of the boost from new mining and petroleum projects was not so much to finance new levels of expenditure as (at least initially) to prevent a fiscal collapse.

However, the failure of successive governments to deal effectively with an emerging fiscal crisis reflects more systemic factors. As noted above, during the colonial period, and especially in the period of accelerated development from 1945 to 1975, government played a major role in development. It promoted agricultural development (especially smallholder development) and marketing; it encouraged

small-scale indigenous business; it financed education and health services (with continued assistance from the churches), and it provided basic infrastructure.

After independence smallholder agriculture continued to expand, though certainly not evenly across the country. But plantation agriculture had mixed fortunes: while oil palm production on nucleus estates flourished, the traditionally dominant plantation crops—copra, cocoa and rubber—languished. In the pre-independence period many foreign-owned plantations were run down in anticipation of expropriation or sale to Papua New Guineans; many were sold and often subdivided. With agricultural commodity prices generally down in the latter part of the 1970s, and with frequently inexperienced management, many plantations performed poorly (Walter 1982). Apart from agriculture: for a number of reasons, largely cultural, small business ventures, including cooperatives, had very limited success (Wilson 1979; Andrews 1975), and manufacturing growth was predictably modest. Consequently, while some Papua New Guineans prospered as a result of salaried employment, income from small business or self employment, rent from urban properties, or smallholder agriculture (especially coffee, but increasingly betel nut and food crops), most found themselves with low cash incomes, increasing demands for cash (such as for education and transportation), and, in many rural areas, deteriorating infrastructure and diminishing access to government services. Often these problems were compounded by increasing pressure on land and growing rural and urban lawlessness.

In this context, the prospect of substantial revenue and infrastructural development from large-scale mining and petroleum prospects, and from the early 1980s from logging, had an obvious appeal to a government facing heavy demands for expenditures, a weak tax base, and declining real levels of development assistance. For some communities, also, the immediate prospect of payments from minerals and forestry projects outweighed considerations of longer-term costs. But for those communities which did not have the prospect of large-scale resource exploitation, development options were fewer; and when government failed to meet their demands, they often turned away from, or against, government.

In the lead-up to independence there was a general assumption that political parties would develop to match the country's essentially Westminster-style parliamentary system, and that the emerging

nationalism of the early 1970s would provide the basis for a developing sense of national identity. In fact, neither expectation was fulfilled. While three parties—Pangu (notwithstanding two major splits in the mid-1980s), the Peoples Progress Party and the Melanesian Alliance—have been significant forces now for about two decades, other parties have proved transient. The major parties have never been sharply differentiated, nor have they developed a substantive mass base; mostly they have revolved around a few key individuals and have displayed strong regional biases; party discipline has been weak and membership fluid. Since the first Papuan New Guinean government emerged from the elections in 1972, every government has been a coalition and both ‘party hopping’ and changes within coalitions have been fairly common. Of the seven changes of government which have occurred since 1972, three have been the result of votes of no confidence precipitated by coalition shifts. Moreover, each successive election has seen a larger number of candidates contesting. Along with this there seems to have been an increasing tendency for candidates not to align themselves with parties (or to loosely align themselves with more than one), in order to maximise their bargaining power, if successful, in the post-election horse-trading that accompanies attempts to put together a winning coalition. Taken in conjunction with the high turnover of members at election time (in all but one election since 1972 some 50–55 per cent of members have failed to gain re-election), this has produced a system inimical to rational long-term policymaking and is particularly prone to politicians seeking short-term advantage. Political candidates outlay relatively large sums to get elected and incur debts to their supporters; if elected they naturally seek to recoup these outlays, with interest, and to reward their supporters. In implicit recognition of this in early 1996 each member was receiving K0.5 million from an Electoral Development Fund for discretionary allocation within his electorate.

Popular realisation that most politicians seek election for personal and parochial gain, and that those who have ‘their’ member in parliament stand to do better than those who do not, has encouraged the view that politics is a form of *bisnis*. While this has brought about increased (and increasingly confrontational) competition for parliamentary office, it has also produced considerable popular cynicism about politics and politicians. Such cynicism has tended to undermine the perceived legitimacy of the state—a legitimacy and

authority already challenged by Papua New Guinea's poorly developed sense of nationhood and the continuing political salience of parochialism, regionalism (Papuan, Highlands and Islands) and, in the case of Bougainville, separatism.

In 1975 Nigerian scholar Peter Ekeh suggested that the colonial experience in Africa had produced 'a unique historical configuration'. Ekeh distinguished two public realms in post-colonial Africa: a 'primordial' public realm, governed by 'primordial groupings, ties, and sentiments', and a colonially-derived 'civic' public realm. Most educated Africans, Ekeh argued, are members of both these public realms.

On the one hand, they belong to a civic public from which they gain materially but to which they give only grudgingly. On the other hand they belong to a primordial public from which they derive little or no material benefits but to which they are expected to give generously and do give materially...their relationship to the primordial public is moral, while that to the civic public is amoral. The dialectical tensions and confrontations between these two publics constitute the uniqueness of modern African politics...The unwritten law of the dialectics is that it is legitimate to rob the civic public in order to strengthen the primordial public (Ekeh 1975:108).

The effects of this confrontation, according to Ekeh, included 'tribalism' and corruption.

The recent political economy of Papua New Guinea suggests that the African situation described by Ekeh is not unique. In a recent speech in Port Moresby, former finance secretary and central bank governor, Mekere Morauta said '... the most corrosive and intractable problem we face now is corruption'. Morauta went on to talk about 'the institutionalisation of short-term *ad hoc* decision-making and the catastrophic decline in the power, status, morale and productivity of the bureaucracy', a development which he dated to the mid-1980s (Morauta 1996).

In the past decade or so corruption has become entrenched, notwithstanding the restraining influences of the Leadership Code and the Ombudsman Commission. Such corruption takes two forms: that in which individuals use their position within the state for personal gain, and that in which individuals use their position to transfer resources, in Ekeh's terms, from the civic public to the primordial public. The first of these, as Ekeh suggests also for Africa, is unlikely to be sustainable in the longer term unless individuals can isolate themselves from the demands of their primordial publics. The

second form, on the other hand—the transfer of resources from the civic to the primordial public realm—is, with some exceptions, regarded as corruption only by those who are not beneficiaries. It is expected of politicians that they will reward those who voted for them, and where a sense of nationhood and of loyalty to the state is poorly developed, and expectations of political longevity are low, it is accepted that politicians will squeeze as much as possible out of the state, and will do so within a short timeframe. Moreover, once this pattern of behaviour becomes established among politicians, it is likely to spread within the public service: bureaucrats will tend to favour their *wantoks* in the provision of services or to seek special favours from those to whom services are provided. Such factors largely explain the increasing competition for political office, noted above, and the increasing politicisation of decision-making.

Such behaviour is not restricted to those with direct access to the resources of the civic public realm. Across the country, in rural and urban areas, citizens demand additional compensation for land acquired earlier by government for schools, airstrips, roads, towns, and other public facilities, and often threaten violent action if their demands are not met. (In one case which I have observed at close quarters over a number of years, villagers have claimed large amounts of additional compensation for land on which a provincial high school was built some years ago. They have pressed their claims by attacks on the school and its students and teachers, at one stage burning down a building. Unable to meet the villagers' demands, the provincial government eventually proposed to close the school and relocate it elsewhere. At this stage the villagers—many of whose children attend the school—dropped their claims; but following the election of a new provincial government the demands were revived.) In recent years, also, the judicial system has upheld the demands of villagers for multimillion kina compensation from government for damages inflicted by police in raids on villages.

In a more extreme form, the break-down of law and order is itself a form of challenge to the state. *Raskols* frequently justify their actions by reference to corruption amongst those in power and the failure of government to meet the needs of its citizens. The inability of the police and defence force to deal with the incidence of crime, 'tribal fighting', and the rebellion on Bougainville underlines the weakness of the state, and the scale of raskolism (and the occasional murder, by his kin

group, of a *raskol* who oversteps communal propriety) attests to the symbiosis between *raskols* and their primordial public.

Beyond the public sector, similar processes operate. In areas of large-scale resource development, communities have often, initially, welcomed big companies; particularly in remote areas, they tend to see them as a source of not only income but also infrastructure and development more generally. But they are quick to demand renegotiation of agreements if they think they can get a larger share of the profits, and have used or threatened force to back their demands; the Bougainville mine was the first to be forced to close, but others have been forced to close temporarily and all are vulnerable to local protest action.

There is a growing literature on 'weak states', 'collapsed states', 'predatory states', and so on, and attempts, by the World Bank and others, to address the problems of such states in terms of creating 'good governance'. Papua New Guinea displays the typical characteristics of a weak state. This chapter suggests is that unless Papua New Guineans acknowledge and respect the legitimacy of the state—in Ekeh's terms acknowledge moral obligations to the civic public realm which outweigh primordial obligations—the state will remain weak and policymaking will be characterized, to use the words of Oil Search Ltd chairman Trevor Kennedy (1995), by 'inconsistency and lack of discipline'. Ultimately the unpredictability of policymaking and its subservience to primordial interests, and the inability of government to maintain a secure economic environment, will not only discourage foreign investment but will inhibit indigenous enterprise as well. (Already, in some parts of the country coffee and cocoa buyers do not go out on buying trips because they fear attacks by *raskols*).

Judged against the eight aims elaborated in 1975, Papua New Guinea's economic achievements have been modest. Though less dependent on overseas development assistance, the economy remains heavily dependent on imports of goods and services and its major industries remain substantially foreign-owned. Inequality in incomes and access to government services, both personally and regionally, has probably increased. Outside the subsistence sector, women play a minor role in economic and political affairs (between 1987 and 1997 there was not a single woman in the 109-member National Parliament; there are now two). And recent changes to the provincial government

system appear to be designed to centralise rather than decentralise decision-making. The situation in 1996, twenty-one years after independence, has been described by Morauta in the following terms.

Despite the five-fold growth in government expenditure and revenue, the country's infrastructure is breaking down. Government services have declined to the point of being non-existent in many areas. Public assets, whether they be schools, hospitals, offices, roads or bridges, are all in a state of disrepair. Our exports earn more than three billion kina each year, yet we have an underlying shortage of foreign currencies. GDP has grown five times but the distribution of income is more skewed and less equitable than in 1975. Nominal per capita income has more than doubled, but 80 per cent of the population actually earn less than the 1975 average. Corruption, both petty and profound, permeates society today. Society is ravaged by crime. There is a general inability to enforce or maintain law and order. Social inequity and poverty are rampant (Morauta 1996).

Papua New Guinea's failure to capitalise on its fortunate resource endowment and its early promise of sound and equitable policies is not just a question of 'bad management', but reflects the non-emergence of a sense of national identity and purpose. The persistence of predominant loyalties to locality and kin, and the historical image of the state in Papua New Guinea as a provider of free goods and services, has promoted a political culture in which, as Ekeh has argued for Africa, those with direct access to the state tend to use their positions to benefit themselves and their primordial publics, and those who receive rents from large-scale resource projects continuously seek to renegotiate more favourable agreements. Such a situation has all the hallmarks of a weak state: policymaking tends to be short-term and often capricious; governments have difficulty implementing decisions, and corruption and lawlessness are becoming endemic.

There are, nevertheless, positive elements. Papua New Guinea has maintained a robust democracy, there are strong redistributive elements in local cultures, and although population growth rates threaten the long-term wellbeing of some agrarian communities, the country is resource rich. If the present perception of economic crisis can precipitate a commitment to rational long-term policymaking perhaps the present worrying trends can be reversed. But before that can happen there needs to be a major change in political perceptions.

Notes

An earlier version of this chapter appeared as 'Des promesses à la crise: économie politique de la Papouasie-Nouvelle-Guinée', *Revue Tiers Monde*, XXXVIII, 149, janvier-mars 1997.

- 1 The northeastern part of New Guinea was annexed by Germany in 1884. The same year Britain annexed the southeastern portion. The western half of the island (now the Indonesian province of Irian Jaya) had earlier become part of the Dutch East Indies. British New Guinea (renamed Papua) was transferred to Australian protectorate status in 1906, and German New Guinea was occupied by Australia in 1914 and subsequently became a UN Trusteeship under Australian administration. The two were administered jointly during World War II and continued to be governed as a single entity after the war.
- 2 Much of the interior was declared 'restricted' until well into the 1950s, however, and some areas were still restricted in 1970.

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4

Creeping paralysis: dependency and sovereignty in peripheral Pacific states

Cluny Macpherson and La'avasa Macpherson

Politicians in Pacific microstates have sought to meet their citizens' rising material expectations by pursuing policy mixes which include the development of domestic primary production, increasing reliance on foreign aid (Knapman 1986; Campbell 1992), and migration and remittances (Hayes 1991; Ahlburg 1991). Adherence to such policies has led some economists to characterise these states as MIRAB societies: societies which are increasingly shaped, and some would say distorted, by migration, remittances, aid and bureaucracy (Bertram and Watters 1985, 1986).

As a strategy, this has been reasonably successful for several decades. Politicians have been able to rely on continuing flows of resources from migrants and aid donors even when income from domestic primary production and revenues from domestic taxation were static or failing. Thus, for instance, after major cyclones in 1990 and 1991, and later when the taro blight devastated the plantations of Western Samoa in 1993, politicians were able to depend on aid and remittances (Minister of Finance 1997:5) from migrants overseas to offset income from lost production and to provide funds for rehabilitation.

Over time, these supplementary sources of revenue have, in effect, subsidised the shortfall between what states could have afforded if they

had depended solely on domestic revenues and export income and what citizens were increasingly wanting. However, what began as supplementary sources of revenue have become increasingly essential elements of some states' budgets and development programs. The problem with this strategy is that states which become dependent on these 'subsidies' have to anticipate the timing and extent of disruptions to 'supply' to be able to 'manage' around fluctuations. This becomes increasingly difficult because the factors which cause them lie beyond one's shores and are the consequences of technologies and strategies which are in turn constantly changing. Few are, as a result, able to anticipate and plan for changes with any degree of certainty.

As long as resources are available to fund development and economic growth, the issue of growing dependency, and of its longer-term consequences for national sovereignty are ignored by politicians until a crisis occurs. Politicians are then forced to acknowledge the growth of dependency and to seek to manage the policy mix in other ways, or to seek new sources of revenue which may present the same problems as those on which they seek to reduce dependence.

Such crises need not be disasters. They may force interest groups within the state to redefine their interests and to look to the state to produce new policy mixes. In such circumstances administrations are sometimes able to win more broadly-based public support, or at least acceptance, for measures and policies which would not be contemplated at other times. This may permit the state to set the basic direction for more prosperous and less dependant futures as has been the case for instance in New Zealand in the past 12 years.

Crises may, however, also lead to political paralysis when administrations presume that the 'good times' will return if only the government can borrow enough and people can hold out for long enough. Where this strategy is pursued, as it was in New Zealand, it may simply postpone the inevitable structural adjustment until it is carried out on terms dictated by external agencies and in circumstances in which fewer choices are available. Thus, it can be argued that in peripheral states, circumstances may combine to create a creeping paralysis which slowly erodes sovereignty.

The case of Western Samoa

Western Samoa is one such case although there are many. This chapter shows how, in the past thirty years, a series of decisions led to growing

dependence on aid and remittances and a loss of meaningful sovereignty because the state was weakened to the point where it has become possible for larger states, and international agencies controlled by those states, to dictate its economic policy in ways which still lessen its real autonomy. The chapter outlines some of the factors which combine to produce growing dependence and the creeping paralysis which has led to the problems currently faced by the state and to the loss of economic sovereignty.

Migration and its consequences

Although the debate on the consequences of out-migration and the consequences of depopulation began earlier elsewhere, the debate about their impact in Pacific island states started in the 1950s as social scientists began to appreciate the significance of internal and international movement within the region.

In 1956 the economist V.D. Stace concluded from a study of the Western Samoan economy that as a consequence of labour migration, the social and economic organisation of the villages had begun to change and that continued out-migration would lead to declining population and production and to growing dependence on remittances from those who had migrated (Stace 1956).

In 1970 David C. Pitt made a detailed ethnographic study of the impact of economic development on traditional social organisation and reached somewhat different conclusions on the significance of migration. He concluded from detailed studies of several villages that, '[m]igration does not usually have adverse effects on fa'asomao society or economic conditions generally' (1970:185) and that 'overseas migration does not usually have an adverse effect on the local economy' (1970:186).

As the scale of migration from Western Samoa increased and the nature of its impact became clearer, these conclusions were challenged.

In the mid-1970s an American anthropologist, Paul Shankman examined some of the economic, political and social consequences of dependence of Pacific states on their larger metropolitan neighbours (Shankman 1976). He concluded that

[d]ependence on migration and remittances, however, is also symptomatic of continuing underdevelopment. Furthermore, as migration and remittances become more important at both national and local levels, they may perpetuate underdevelopment. That is by

more closely integrating the islanders into a wider political economy, the effects of migration and remittances may prevent economic development (1976:85).

Ten years later, Cole and Parry, in an introduction to *Selected Issues in Pacific Island Development*, concluded that

[t]he costs and benefits of emigration from the islands of the Pacific have yet to be precisely calculated in social and economic terms, but it is clear for the emigrants, as well as home and host countries, that there are considerable gains (1986:8).

In the mid-1980s, two major research programs did try to establish the costs and benefits of emigration for small island states by reviewing and synthesising a large number of studies. These analyses, sponsored by the South Pacific Commission/ILO (see for example, Connell 1983a, 1983b, 1983c, 1983d, 1983e, 1983f, 1987) and the Institute of Policy Studies (see for example Bertram and Watters 1984, 1985, 1986) respectively, sought to establish the significance of these studies and to determine appropriate policy responses to the continuing emigration. Ironically, these studies often made contradictory policy recommendations (see Hayes 1991:2).

An emerging problem

While interpretations of the empirical studies to which Hayes refers may have been contradictory, they pointed to several striking trends which are exemplified in the Western Samoan case. These trends were static or declining export volumes and income, steadily increasing import volumes and bills, steadily increasing trade and budget deficits and debt burdens (AIDAB 1994:86–7). More worrying were declining per capita food production levels (AIDAB 1994:47) and growing dependency ratios (AIDAB 1994:85). These trends would have been very serious had it not been for steadily increasing income which was available to the government from external aid donors and to the citizens from remittances from their migrant kin in New Zealand, the United States and Australia.

While those studying the various consequences of migration in the Pacific differed in their conclusions, they shared the belief that emigration would continue into the foreseeable future. Much of their analysis focused on the consequences of allowing this situation to proceed unchecked. Those, such as John Connell, who foresaw the consequences of increasing dependency advocated reducing levels of

migration even where incomes were increasing. There is little evidence that those involved anticipated the possibility of the global restructuring of capital which would lead to the radical restructuring of the New Zealand economy and would have profound effects on a number of Pacific microstates which had become increasingly dependent on that economy. Nor did many foresee the possibility that major economic and political transformations and realignments in Europe might lead to a recasting of European nations' aid priorities and the redirection of aid resources from the Pacific into the emerging states of Europe.

The failure to anticipate these trends should not surprise. In New Zealand, one of Western Samoa's major sources of both migrant remittances and aid funds, events were managed in such a way before the crisis that the seriousness of the economic situation was not widely known. The necessity of New Zealand's restructuring was accepted only on the eve of the 1984 general election, after many years of ignoring economic realities and heavy borrowing to support government expenditure. The Western Samoan government could not have been expected to anticipate the suddenness or the consequences of restructuring which subsequently occurred in New Zealand.

The breakup of the former USSR and the reunification of Germany was similar in that it occurred suddenly and only gained momentum after certain initial, and largely unanticipated, changes had taken place. Nor could the Japanese debt crisis of the early 1990s which led to constraints on the volumes of Japanese aid have been anticipated and planned for. As a consequence the factors which caused the crisis which now faces the Western Samoan state arrived largely unannounced.

Leadup to the crisis

The external elements of the crisis, that is those which occurred beyond Western Samoa's borders and over which the state could exert no control, began to be felt after the restructuring of the New Zealand economy gained momentum in the late 1980s. The radical restructuring of the New Zealand economy which has occurred since 1984 (Britton et al. 1992; O'Brien and Wilkes 1993; Roper and Rudd 1993; Kelsey 1995), and the less radical, but still significant, transformation of the Australian economy had a marked impact on the dependent

microstates of the Pacific because both were major aid donors and migrant destinations.

The first was a declining demand from New Zealand business for unskilled and semiskilled labour as formerly protected industries were exposed to international competition and in many cases failed or were closed to avoid failure (Ongley 1991:21–6, 1996:23). The reduced demand for migrant labour was serious because migrants are the source of remittances which had become increasingly important in the Western Samoan economy and because annual per capita remittance levels tend to fall off over time (Ahlburg 1991:16–17) for a variety of reasons (Macpherson 1994) and a continuous supply of new migrants is needed to replace those whose remittance levels are falling to maintain a given level of remittances over time.

The signals from the restructuring of the New Zealand labour market were only the first warnings. The New Zealand government undertook a review of its immigration policy as part of the process of restructuring in 1986. The new policy, set out in *The Review of Immigration Policy* (1986), signalled a move to a system of migrant selection which favoured more skilled, better educated and wealthier immigrants. The policy was to be administered to ensure that

[r]egard will be had in the admission of new settlers to the avoidance of additional stress in areas of constraint such as the labour market, housing and community services (Burke 1986:11).

Significantly, the policy sought to

[a]bolish national origin as a factor in immigrant selection and to assess applicants solely on criteria which evaluate personal qualities, skills, qualifications, potential contribution the New Zealand economy and society and the capacity to settle well in this country (Burke 1986:15).

The net effect of this change was to limit the prospect of permanent emigration of Western Samoans to those professionals and entrepreneurs who had skills and capital which were in demand in New Zealand and to older people joining migrant kin under provisions for family reunification. Both of these moves had further potentially serious consequences for the Western Samoan economy. The loss of professionals' skills and capital was serious for the Samoan economy struggling with a shortage of managerial and technical skills (AIDAB 1994:41, 47, 48, 50) and with a shortage of domestic equity capital needed to establish joint commercial ventures under the *Enterprises*

Incentives Act. The loss of older people meant that funds that had once been remitted to Western Samoa to care for them were now spent in New Zealand and did not pass into the Western Samoan economy.

Things were, however, to get worse. Western Samoa was now more dependent on existing migrants in New Zealand for remittances. Their ability to remit was, however, to be constrained by other New Zealand policies. The most significant of these was the *Employment Contracts Act 1991* which effectively reduced the power of organised labour and which led to the deregulation the labour market. This resulted in declining real incomes especially for those in lower income brackets (NZOYB 1992:223–4) and a consequent reduction in discretionary income among expatriate Samoans, many of whom fell into this category. These factors made it increasingly difficult for many migrant families to maintain levels of remittances which had previously been possible. Even those who were able to remit, however, were more conscious that the continuing restructuring of the economy was resulting in increasing numbers of job losses and declining job security. Personal savings assumed much greater significance than in earlier, more prosperous times, and many families found it necessary to reduce remittances to meet previous financial commitments.

The final change was the passage of the *State Sector Act 1988* and the *Public Finance Act 1989* which provided for the restructuring and contraction of the public sector. The state sector had been a major employer of Pacific Islanders and as state activities contracted, first as a result of corporatisation and later as a consequence of privatisation, the numbers of jobs in these sectors declined rapidly and dramatically.

The net effect of these structural changes was steadily increasing levels of unemployment among expatriate Samoans which rose from under 1 per cent to around 22 and 21 per cent for men and women respectively by 1991 (Statistics New Zealand 1995:40). The flat demand also meant that many young Samoans, both overseas and New Zealand-born, were unable to get employment and suffered high levels of unemployment: 15–19 year olds experienced rates of 44 and 45 per cent for men and women respectively, and 20–24 year olds experienced rates of 24 and 26 per cent respectively (Statistics New Zealand 1995:40). If those on unemployment benefits are added to those on student allowances, 55 per cent of New Zealand-born adults and 49 per cent of island-born Samoans were dependent on some form of fixed, welfare income in 1991 (Statistics New Zealand 1995:49).

The greater dependence on fixed, state-provided unemployment and other forms of social welfare benefits led to declining real incomes among expatriate Samoans. This situation was worsened by the restructuring of social welfare benefit payments which occurred in 1991 and led to reductions in most benefits and the termination of benefits previously to paid to illegal immigrants (NZOYB 1990:204, 1992:113, 1995:168–9).

The net effect of all of these changes was a gradual reduction in the capacity of migrants to maintain previous levels of remittances (Macpherson 1992). It was gradual because migrants sought to maintain levels as long as was possible by a variety of strategies. Many, for instance, borrowed, rearranged accommodation to cut costs, sold property and mortgaged other property to ensure that they could support kin for as long as possible. But eventually, it was impossible to maintain former remittance levels. While some of this remittance income could be 'replaced' from the earnings of Samoan migrants in Australia and the United States, the restructuring of the New Zealand economy, which had historically been a major source of remittances to Western Samoa, had a disproportionately serious effect on remittance volumes.

Almost simultaneously, the second source of external funds, overseas aid, was beginning to decline. This is, in part, the consequence of the declining significance of Pacific microstates in global geopolitics and, in part, of the international agencies' growing determination to force aid recipients to accept certain fiscal disciplines and policies. In the Western Samoan case this decline stemmed from the fact that

the global aid climate has changed significantly as has the South Pacific's strategic importance to the major powers. There is also a recognition that external aid, far from promoting greater self reliance, is helping to perpetuate dependence and is encouraging Western Samoa to live beyond its means (AIDAB 1994:12).

Between 1986 and 1993 the levels of aid declined in real terms (AIDAB 1994:12).

The final elements in the crisis arrived in the form of two cyclones, Val and Ofa, in 1990 and 1991. These devastated both plantations and infrastructure and led to a significant loss of export income as both crops and associated processing industries collapsed (AIDAB 1994:88) and scarcity of food crops drove domestic prices up. The vulnerability of crops which grew above ground was again brought home forcefully

to agriculturists and government alike. Copra, cocoa and timber production, which was declining even before the hurricanes, fell to virtually nothing after them (AIDAB 1994:88).

The attraction of the root crop taro (*Colocasia esculenta*), which grows underground, was obvious from the quick recovery of the industry, and the strong demand and associated high prices for the product particularly among Pacific island migrants living around the Pacific Rim. The experiences of the hurricanes led to increased taro plantings which, ironically, set the scene for the final and cruelest blow. The new and larger taro plantings occurred alongside a decline in the production of a range of other agricultural crops (AIDAB 1994:26–9) and set the stage for serious setbacks to the Western Samoan economy.

Increasing export incomes from taro were struck in 1994 by an introduced fungal disease which led to the imposition of an export ban and a further fall in income for both the state and the agriculturists. More recently, the situation of the latter has been made worse by the accidental introduction of the voracious African snail (*sis afelika*) which is now spreading through productive plantations in parts of Upolu.

The crisis

Samoan domestic income dropped as a consequence of ageing copra plantations, the depletion of forestry resources, a pair of hurricanes, and diseases which struck at its most profitable and quickly established export crop. Even under normal circumstances this set of circumstances would have been serious. The Western Samoan government would have been able to overcome this setback with aid which would have been made available for restitution of infrastructure and rehabilitation of plantations. Aid was indeed forthcoming but at reduced levels and on conditions which limited its use in ways which were approved by donors. Western Samoan citizens could in earlier times have depended on increased levels of remittances from migrants to subsidise family incomes reduced by loss of plantations. But with declining incomes among migrants in New Zealand (Macpherson 1992), these were no longer as readily available. Ahlburg noted that the crisis began to emerge in 1989 when remittances equalled 296 per cent of Western Samoa's export income, covered 49.6 per cent of its import bill and 59.6 per cent of its trade deficit (Ahlburg 1991:18). Similar evidence of both a decline in the capacity of Western Samoans to remit at the same levels (Macpherson 1992) and of changes in the

predisposition of migrants to remit (Macpherson 1994) was also emerging.

Thus, in a relatively short time, the real prospect of a decline in the standard of living in Western Samoa emerged. This would produce potentially serious problems for both the state and for its citizens. Both have become accustomed to a level of income and standard of living which may be unsustainable. Both aspire to high incomes albeit for different reasons. Those who control the state seek resources to distribute in ways which ensure their continued hold on power. Private citizens seek resources to allow them to live an ever more prosperous lifestyles to which they have been increasingly exposed by travel, cinema, videos, US television programming, and now on the state's own television Televis Samoa. In these circumstances, material aspirations have risen and both the state and the citizens, who have become used to growing 'prosperity' face dilemmas when the funds which have underwritten this are suddenly interrupted.

The state's dilemma

The state is faced with growing material aspirations among its citizenry and no readily available means of delivering these in the immediate future. In 1995 the Minister of Finance admitted frankly that

[t]he Western Samoan economy has long been characterised by low productivity, low growth and a dominant public sector. Three decades of development plans, sectoral strategies, technical assistance and aid funded capital projects have failed to propel us into a dynamic phase of economic growth which would relieve us of our dependency on foreign aid, foreign loans and remittances from expatriate Samoans (Government of Western Samoa 1995:3).

The document went on to spell out ways of moving out of this situation but it is clear that in the immediate future these aid loans and remittances will remain important elements of the Samoan budget which raises questions about how readily available these will be.

Some major aid donors such as Europe have signalled their intention to restructure relations with the Pacific states. The major European aid donors are at present drafting an agreement to replace the existing Lomé Convention which expires in 2000. Early indications are that the conditions will be far less generous than those embodied in the Lomé Convention. The new conditions will reflect the pressure from the World Trade Organisation to eliminate preferential trade access

agreements which Pacific states have enjoyed and geopolitical changes in Europe which, as the Deputy Prime Minister Tuilaepa Sailele Malielagaoi acknowledged recently, meant that European partners now had other preoccupations. In a speech to a meeting of delegates of the African-Caribbean-Pacific nations and the 15 European Union states, Tuilaepa Sailele acknowledged that members of the African-Caribbean-Pacific nations had lost their strategic and economic advantages and that the group 'must be prepared to face a less hospitable political and economic climate' than had been the case when the existing agreement was signed some 20 years earlier (*Islands Business* August 1996:18). A parallel loss of interest in the Pacific is evident on the part of another historically significant donor, the United States.

Such aid and development financing as is available will likely be increasingly tied by aid donors, lenders and creditors to acceptance of the need for structural reforms and will further reduce the income of significant parts of the Western Samoan population. Thus, for instance, the World Bank is pushing for forms of structural adjustment which will reduce the numbers of people in the public sector and increase the amount of taxation raised within Western Samoa. The situation is summarised in the following way in a document published by a major aid donor.

Measures to restore macroeconomic stability and to tackle major constraints to development will be crucial for the achievement of the country's development objectives. Foremost is the need to reduce the fiscal deficit and rebuild international reserves to more prudent levels. As well, a more vigorous effort is needed to further advance the process of structural adjustment reform necessary to remove existing structural distortions and to enhance the country's international competitiveness. Such reforms are essential for raising the level of labour productivity and efficiency, which are so fundamental for economic growth....Financial instability has been endemic since the cyclone shock of 1990 and remains a serious threat to macroeconomic stability and longer term growth (AIDAB 1994:62-3).

The Western Samoan state is faced with increasingly cautious lenders and aid donors with more clearly focused program objectives. The donors are requiring more concisely defined and closely monitored outcomes through fiscal discipline ideologies and policies in donor states. The lenders with 'good governance' ideologies shaped, at least in part, by public disenchantment with provision of assistance to 'corrupt' regimes (Leftwich 1993; Williams and Young 1994; Macdonald 1996) are looking closely at the state's institutional capacity

to plan effectively and implement programs efficiently. As Macdonald notes

[i]n a series of World Bank reports, and in policy statements from OECD governments, the characteristics of 'good governance' or 'good government' have been more clearly identified as: the legitimacy of government as reflected in multi-party participatory democracy, the rule of law, protection of human rights, transparency and accountability of government process, the expansion of civil society, effective and efficient public sector management (1996:3).

But these are more than rhetorical statements about desired states for as Macdonald further notes

the World Bank and other agencies have invoked good governance criteria in decision making and have, both explicitly and implicitly, introduced a new form of political conditionality into donor-recipient relations especially when major restructuring is planned (1996:3).

How might this new agenda affect Western Samoa's future ability to access increasingly conditional aid?

Western Samoa and the new governance agenda

A number of issues have raised serious doubts about transparency and accountability of the government process and about the quality of public administration in Western Samoa in the mid-1990s which could influence the government's ability to access funds from traditional sources. The same sorts of issues had arisen before but in the new climate they assumed a greater significance than they had earlier because of the questions which they raised about governance. A few are set out below to illustrate the forms which they take in different areas.

Western Samoa has long met the formal human rights and multi-party participatory democracy requirements embodied in these agenda, and has recently replaced *matai* suffrage with universal adult suffrage. Evidence is, however, periodically produced to suggest that significant numbers of 'individual' voters in rural villages are instructed to vote in certain ways to honour undertakings made to candidates by their *matai* or household heads in return for gifts and assurances of various forms of services if they gain a seat in the assembly. This issue would be that it would certainly attract attention because of its symbolic significance.

So too, would the fate of the Western Samoan Controller and Auditor General, Su'a Rimoni Ah Chong, who remains suspended because of a detailed and highly critical audit report which he wrote in 1994. In the

Controller and Chief Auditor's Report to the Legislative Assembly, Period 1 January 1993 to 30 June 1994, he stated that, 'The Audit Office was not in a position to be able to issue a clean opinion on the Public Accounts' (1994:14) and spent the next the next eight pages of the report detailing shortcomings in the accounts. The report lists three qualifications on the accounts

The Audit Office has not been able to satisfy itself that the systems of accounting and internal controls covering transactions in the Public Accounts have been operated satisfactorily by Treasury and some major Departments of Government for the period under review, and prior periods, to an extent sufficient to ensure, to a material extent, that the financial balances are reliable (1994:14).

The Audit office has not been satisfied as to whether all Government guarantees, indemnities and other contingent liabilities that remain outstanding at the end of the period are included in the statement of contingent liabilities (1994:16).

The majority of Special Funds bank accounts were not reconciled and it was not possible therefore to form an opinion on the Statement of Receipts and Payments of Special Funds (1994:16).

The Auditor also points to a note in the public accounts which reflects Treasury's own reservations about the accounts.

[w]hile the transactions reflected in the accounts are recorded and presented as required by the Public Moneys Act 1964, they do not purport to reflect the total activity and position of the Government of Western Samoa (1994:16).

The bases of these general qualifications are outlined in a series of detailed statements which might be grounds for concern among aid donors and lenders about the state of governance in Western Samoa.

Of even more concern to such donors would be the Controller and Chief-Auditor's reports of the various departments, statutory bodies, corporations and public authorities (1994:22-91) in which the performance of Ministers, Departmental Heads and senior and junior officers in the public sector is reviewed and in which a series of serious irregularities at all levels in various departments is detailed.

A commission of inquiry into the Controller and Chief-Auditor's findings confirmed, 'in the main' the irregularities outlined in the Controller and Chief-Auditor's report and the 'disturbing trends of dishonesty and unprofessional conduct uncovered...in some Departments and Agencies of Government (Commission of Inquiry,

1994:74). While the Commission had reservations about the language in which the Chief Auditor expressed his findings, and with the implication that there is a general state of 'degeneracy' in public administration, they found it necessary to recommend, *inter alia*, the institution of 'measures aimed at discouraging misconduct while developing public confidence in the institutions of Central Government', and 'legislation establishing a Code of Conduct for leaders in Government to be administered by a three-man Leadership Commission' (Commission of Inquiry 1994:75).

The government then attempted to 'solve' its problem by amending Article 97 of the Constitution to reduce the Controller and Chief-Auditor's term of office from the year when he turns 60 to three years (*Sunday Samoan* 8 June 1997) which, irrespective of its intention, must seem to outsiders, a decidedly heavy-handed way of disciplining its critics.

Even while the fate of the Controller and Chief-Auditor remains unresolved, the government has been hit with revelations of a passport sale scam which has seen the suspension of a number of staff from the Immigration Department. This is even more serious because the Prime Minister is Minister in charge of the Department and has been unwilling to provide evidence to show that he is not implicated in any way, choosing instead to blame the authorisation of illegal passports on previous holders of the office. In the same week he was led to admit in the House that the government had helped in the 'upgrading' of his family's hotel in Savai'i (*Samoa Observer* 19 June 1997).

In a climate in which aid donors and lenders are increasingly advising governments to 'get out of business' and to sell state assets to the private sector, the Western Samoan government's determination to operate a national airline, Polynesian Airlines, which has consumed large amounts of government funding and continued to incur steadily growing losses over a number of years would seem likely to produce problems (Controller and Chief Auditor 1994:87-91). The poor economic performance of a number of government trading activities would raise questions about both the commercial wisdom and about the quality of public sector management should donors, intent on 'getting government out of business', choose to ask them (AIDAB 1994:39-47; Controller and Chief Auditor 1994; Minister of Finance 1997:4).

On their own these matters clearly vary in significance. Together, the matters referred to above, and others which space prevents us from

discussing, point to weaknesses in some areas of legislation, public administrative structures and human resources which have allowed individuals at all levels in government and the public service to act in ways which are contrary to the central premises of 'good governance'. These matters could well give aid donors, and lenders, grounds for withholding aid or at least making it contingent on demonstrable improvements in the government's performance.

Biting the bullet

Within the Ministry of Finance there is evidence of awareness of, and commitment to, the importance of the good governance agenda. In the 1997–8 Budget Statement, the Minister of Finance noted

we must also aim to become more self-reliant. We cannot expect, and should not want, to be aid dependent forever. Our development partners have their own budgetary restraints and many pressing calls on their development resources. We must demonstrate our commitment to good government and sound economic management (Minister of Finance 1997:5–6).

Significant moves, such as output-based performance budgeting, structural reforms aimed at improving the efficiency of resource allocation within the public sector (Minister of Finance 1997:4), a 'New Partnership' approach to economic management which 'aims to create a transparent, open and consistent framework for policy formulation and implementation' (Minister of Finance 1997:1) and targeted specialist training programs (Deputy Secretary of Finance, pers. comm, 18 June 1997), have been mounted, with, significantly, major contributions from aid donors, to improve performance and accountability and are beginning to have an impact. Significant doubts might still be, however, raised about the quality of government performance in various areas and in various departments where the Treasury's mission has yet to permeate organisational cultures. Privatisation of government assets, such as the telecommunications system, (Government of Western Samoa 1995:12; Minister of Finance 1997:4) and the corporatisation of certain government bodies is also planned as government responds to pressure for this structural adjustment.

The government, despite progress with its structural adjustment program, remains heavily dependent on its traditional 'remedies': plentiful aid and remittances from migrants abroad. Without access to

these, it would have some difficulties meeting the expectations of the citizenry. Such aid as will be available will likely be increasingly closely controlled by donors, and will be conditional on acceptance and implementation of policy mixes determined by donors. Nor is this a temporary situation which will disappear as economic growth occurs in donor states and generates new flows of aid and new preferential trade opportunities. If anything, the situations will become more difficult for Western Samoa. The declining value of aid and loss of preferential trade and preferential prices are part of the future.

The individual's dilemma

Individuals and families are faced with similar dilemmas. Over time they have had available a series of strategies which they manipulated to maintain income streams. Domestic agricultural production for both subsistence and sale provided a base income for most Samoans. When commodity prices fell, producers could increase production to maintain or raise incomes. This strategy is no longer as readily available as long as exports of the most profitable of these crops, taro, are banned and demand and prices for other commodities are low.

In the past, when production was interrupted by natural hazards, families sought to replace 'lost' income by redeploying labour, typically by increasing the numbers employed either in the domestic or overseas wage sector. But this mix of opportunities is no longer as readily available as it once was. Prospects of deployment overseas have declined for many Samoans and the tightening of immigration regulations in popular destinations has reduced the possibility of 'informal' employment. The effective limitation of overseas employment opportunities to people with either recognised skills or capital means that these are not available to the many Western Samoans who have neither. Furthermore, with businesses cutting costs by relying on unpaid family labour, the opportunities for redeployment within the domestic wage sector are very limited.

The situation is likely to get worse. Government has acknowledged that many of its departments are over-staffed and that there is a mismatch of available and required skills (AIDAB 1994:41-2) and has moved to reorganise the public service by reducing the size of spending departments and increasing the size of revenue collecting ones. The net effect to date has been a small reduction in the size of the service from 4,339 in 1991 to 4,290 in 1994. Further and more significant reductions

can be expected as government departments and units are corporatised and privatised to reduce government activity, overheads, and spending.

In the past, when income fell, some Western Samoans called on migrant kin to replace the 'loss' with additional remittances. This option is no longer as readily available as it once was for several reasons. The first is that as studies have shown both the capacity as a consequence of declining incomes and increased costs which have followed economic restructuring in New Zealand and Australia (Macpherson 1992); the willingness to remit is falling among certain sections of the migrant population (Macpherson 1994) and among migrants' New Zealand-born children as a consequence of the attenuation of links with their parents' birthplace (Maingay 1995); as a consequence of the increasing pressure on discretionary income exerted by the participation in *fa'a samoa* in migrant communities; and because as parents either die, or join their migrant children overseas, one of the most powerful incentives to remit is lost.

Which way out?

Politicians in Western Samoa tend to be divided between those who believe that the shock is what is needed to force Samoans to face economic realities and to diversify into a wider range of activities and to increase both production and productivity and those who believe that the present situation is a temporary aberration. The latter tend to believe that things will improve as families respond by redeploying members in states in which incomes are higher and economic conditions are more favourable. The model, which seems to have been adapted from the 'transnational kin corporation' model that was popular a few years ago, seems to assume rather more choice than is available in reality and that economic opportunities for semi-skilled and unskilled labour will vary from state to state.

The most serious weakness of this argument is that the economies of the receiving states are being restructured along similar lines but at different speeds. Therefore, moving people from New Zealand, where restructuring has led to high levels of unemployment among unskilled and semiskilled people, to Australia may raise incomes in the short term, but, because Australia is now also restructuring her economy in ways which will have similar effects on the labour market, this strategy will only postpone the eventual crisis. The second fallacy in this

argument is that, as a number of studies have shown (Ahlburg 1991 and Macpherson 1994) individuals' levels of remittance fell over time as they pass through different stages in the family life-cycle and as their links with their place of birth change and attenuate: unless the current remitters are replaced by other new ones, which seems unlikely, redeployment cannot provide long-term certainty of supply.

Other politicians, often those involved in development and agriculture, argue that the crisis provides an opportunity because it will force people to increase and diversify production to replace falling remittance income and government largesse. It provides that most favourable set of conditions for the introduction of new, higher-value crops, and activities because people will be highly motivated to experiment with these. This reasoning may, based on evidence of quite rapid increases in production in the past, will be shown to be right. There is, however, some ground for caution with this line of argument.

Samoans' experiences, most recently with the dramatic collapse of the taro market, have made them caution of 'wonder crop' claims of agricultural scientists and extension officers. As a lecturer in tropical agriculture noted in an opening address to an open day for farmers at Alafua Agricultural College, every failure, for whatever reason, of a new crop makes it more difficult to persuade farmers to consider the next one and makes them increasingly skeptical about the claims of those who promote the crop from the comfort of their offices and laboratories and without shouldering any of the risks'.

The second problem may well be the increasingly skeptical response to the exhortations of politicians to increase primary production. When prominent politicians recently advised people to cut the cost of living by extending their plantations and fishing more, they were confronted by widespread criticism which seemed to rest largely on the public belief that it was easy for politicians to make such pronouncements because they had the income to allow them to hire others to do their plantation work and fishing for them and that they had access to government departments' resources and plant to allow them to do so. The latter belief stems, in part, from recent revelations of abuses of this type but also from a more general belief that people with political power will tend to use it to further their own interests.

The third problem is that the circumstances which lead these politicians to be optimistic about increases in production are not always obvious to village people. Television projects a nightly message of relative prosperity and economic recovery in New Zealand News of

reduction in unemployment and increases in the numbers of people employed mask the fact that unemployment remains around 5.5 per cent and that much of this new work is poorly paid, casual or part-time work which carries with it little security. Furthermore, when there is a crisis in the village or in the family the migrants manage to provide money and food even where this involves huge personal sacrifices. The hard economic reality of migrants' life is often masked by their apparent ability to continue to give. For many people in the village it seems more rational to believe this message and plan on migration than it does to plant another crop which may or may not be destroyed by a disaster or introduced pest and which may or may not justify the investment of effort when it is finally sold.

The government attempts to promote, with the assistance of aid donors, small business ventures as an alternative to agricultural activity. The promoters of these ventures often overlook the fact that small businesses in small and contracting economies are vulnerable because of under-capitalisation and the low incomes of potential clients and customers. They also appear to overlook the difficulties which are associated with conducting business among kin which have brought many small businesses in Samoa to their knees. Until such time as incomes rise and culture changes in small businesses seem unlikely to make any fundamental inroads into the problem. Even if these small businesses were to succeed they will not generate new sources of income for the national economy because as economists have noted, many of these businesses are in the service sector and

services (including government administration) are not exportable and do not generally act as import substitutes. a weakening of the balance of payments could result (AIDAB 1994:8).

With certain exceptions, transfers into service sectors have more, short-term political benefits than longer term economic ones.

Conclusion

What options are available given that the genie is, in effect, out of the bottle? Medium and longer-term prospects for economic growth in the metropolitan economies are good but are likely to be capital, rather than labour, intensive. New Zealand wage rates, despite real falls, remain higher than those of their competitors in Southeast Asia as are those of Australia. This fact will keep pressure on New Zealand and Australian

industry to reduce labour costs by adopting automated forms of production where possible. Many of the new jobs which have been, and will be created, in New Zealand will be part-time ones with low wage rates and little protection. Furthermore, the New Zealand government, under pressure to reduce 'unproductive' social expenditure, has made these 'new' jobs available to currently unemployed residents of New Zealand and has put them under increasing pressure to accept these or face cuts in their unemployment and other benefits. With a considerable pool of 'reserve labour' available in New Zealand, it is highly unlikely that Western Samoan migrants will be needed to fill these positions.

Furthermore, the conditions which once led New Zealand manufacturers to establish industries and to import labour from Western Samoa for them have changed as a consequence of economic deregulation. There is no longer any obstacle to New Zealand industrialists who wish to relocate and to invest in manufacturing in low-wage states where they may also find that establishment costs are subsidised by governments anxious to obtain jobs and that they enjoy access to various markets which might otherwise be less accessible. A number of firms have already chosen to relocate operations or have formed joint ventures in Fiji, Tonga and Queensland. Thus, the prospect of increases in opportunities for semiskilled and unskilled labour in the activities which have traditionally employed those workers would seem unlikely.

Furthermore, the removal of import restrictions and high tariffs has meant that it is now as profitable, and indeed sometimes more profitable, to import and sell many products as it is manufacture them in New Zealand. As a consequence there has been a significant decline in the size of the labour intensive manufacturing sectors that once employed many Pacific islanders and this trend seems likely to continue.

One alternative for the Western Samoan government is to encourage overseas manufacturers to relocate and to generate employment in Samoa. This policy has obvious attractions and, in the case of the Yazaki company, which employs around 4,000 Samoans and manufactures wiring harnesses for Japanese motor vehicle manufacturers, has shown that manufacturing and assembling certain products significant distances from where the components are produced and from where the final product is used can be profitable. While the wages generated by such businesses are lower than those

which have been available to migrants in New Zealand, Australia and the United States the incomes of employees are spent in Samoa and can be taxed directly and indirectly.

But, in promoting this strategy, Western Samoa is competing with states such as China which have larger populations and low wage levels, are closer to Southeast Asian manufacturing sites and markets, and have more sophisticated physical and financial infrastructures. There are significant risks in becoming dependent on a small number of large, overseas companies which can, and may, at any time choose to move to other sites where they are offered more favourable terms for the deployment of their capital. The economic and political consequences of such major disruptions in the domestic labour market are potentially very serious.

Tourism represents an alternative source of employment and revenue for Western Samoa but there are significant difficulties in developing the market. While the natural and human 'assets' are in place, the costs of promoting these in the high income North American, European and East-Asian markets are high and where regional resources are pooled in promotions (*Islands Business* August 1995:21, 23–4), Western Samoa has to compete with other Pacific island destinations such as Fiji which have comparable assets, and more sophisticated infrastructures.

The development of tourism has been hindered by the reduction in the number of international airlines flying into the region (*Islands Business* August 1995:28). The prospect of a revival of serious competition capable of bringing large numbers of tourists into regional hubs from which they might go on to Western Samoa is, according to airline industry analysts, unlikely. Even if such a development did occur, the costs of getting tourists from the hubs to Western Samoa are high because of a deal between the Western Samoan government-owned Polynesian Airlines and Air New Zealand which guarantees each a fixed return by effectively eliminating competition on the inbound routes and results in some of the highest airfares in the world (*Islands Business* November 1995:10–11).

But in a sense, dependence on tourism carries with it some of the same risks as dependence on labour migration. The tourist traffic volumes reflect the states of the metropolitan economies from which visitors come. These fluctuate for reasons which are beyond the control of microstates like Western Samoa and without regard for the amounts

of capital invested, and number of people employed in the industry. Furthermore, it is likely that cyclical downturns in tourism will coincide with fall in the remittances from migrants for obvious reasons and may simply mean that the size of the fluctuations will increase.

In the 35 years since its independence in 1962 Western Samoa has moved from a situation in which it was economically and politically independent to one in which the loss of economic sovereignty has led to a *de facto* loss of political sovereignty. Unless the governments manage to generate stronger domestic economic growth and to meet the rising aspirations of its citizens it will be faced with an increasingly restive population. Furthermore, it must do so in a global political climate in which it will be difficult to provide shelters for domestic industrial growth and to maintain inefficient state-owned monopolies at the expense of aid donors. It may have to do so without the same levels of revenue which it has enjoyed from aid and from the indirect taxes on remittances. The deputy prime-minister and minister of finance announced recently that the Western Samoan economy had grown a respectable 9.6 per cent in 1995 and 6 per cent in 1996 but this is from a low base, and it has a long way to go before it can once again enjoy the economic strength which will again allow Western Samoan politicians to define and control their own political and economic agenda.

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5

The politics of structural adjustment in Papua New Guinea: some policy lessons

David Kavanamur

The spread of stabilisation and structural reform programs throughout the developing world during the 1980s was accompanied by a thriving debate among economists. The result was a voluminous literature, mostly concerned with the virtues and deficiencies of the substance, timing, sequencing, or impact of specific policy measures. From the mid-1980s onwards a parallel literature on the political dimensions of adjustment began to emerge. The literature on the politics of adjustment has attempted to provide answers to puzzles such as what leads governments to initiate reforms, and why some reform programs continue while others are cut short. Since 1985, attempts have been made towards theory building using case studies to 'build...on the growing theoretical literature on the politics of economic policy, to forge more explicit connections to the central theoretical debates in comparative and international political economy, and to provide broader cross-national comparison' (Haggard and Kaufman 1992:4). These early works include a set of comparative case studies (Nelson 1990), a collection of policy-oriented essays (Nelson 1989), and an attempt to set forth a model of how politics interact with adjustment and therefore how best to examine this interaction (Haggard and Kaufman 1992).

This chapter attempts to provide some answers to two pertinent questions on structural adjustment in Papua New Guinea namely: what caused the PNG government to initiate reforms and why did it persist or otherwise with the reform programs it adopted? It addresses the factors that led the PNG government to initiate the 1981 internal structural reforms, and the 1990 and 1994 structural adjustment programs under the auspices of the International Monetary Fund (IMF) and the World Bank, and the factors that sustained or failed to sustain them.

It thus provides some policy conclusions. While this paper does not aim at theory building (such as Jenkins 1993 using the Indian case), it is hoped that it will nevertheless contribute to such a task, as well as towards broader research efforts on governance in the South Pacific.

Factors in initiating structural adjustment programs in Papua New Guinea

Papua New Guinea has had three major stabilisation and economic reform programs in response to a balance of payments disequilibrium caused by endogenous and exogenous factors: the first in 1981–82, the second in 1990 and the current one since 1994. What were the major factors behind the adoption of these reform programs?

The 1981 internal reforms

Papua New Guinea experienced its first major and serious balance of payments disequilibrium in 1981. It had enjoyed almost five years of relative macroeconomic stability since monetary independence from Australia in 1976. The main causes were what became known in government circles as the ‘swings, shocks and leaks’. According to Philip Daniel and Rod Sims, two key economic advisors from 1976 to 1982, ‘swings’ were the cyclical reductions in commodity prices. The ‘shocks’, permanent changes in economic factors beyond Papua New Guinea’s control, were the forecast of lower than expected long-term commodity prices for the 1980s (compared with the 1970s), the decline in Bougainville Copper Limited ore grades, increased world interest rates and oil prices, and the higher than expected Australian inflation during the last two years of the 1976–81 Australian Aid Agreement (Daniel and Sims 1986a:73). The ‘leaks’ or weaknesses in government policy were government overspending on, for instance, three Dash 7 aircraft for Air Niugini at a cost of K27 million, excessive levels of

private sector credit and excessive wage increases (Daniel and Sims 1986a:73).

As the balance of payments continued to deteriorate towards the end of 1981 the idea of borrowing from the IMF was mooted by the Bank of Papua New Guinea and by visiting IMF officials. They believed it would instil fiscal discipline on the government. The Finance Department and the National Planning Office (NPO), on the other hand, were deeply sceptical about the virtues of an IMF program and feared that submitting to the IMF would constitute admission of poor governance. They argued that it made much more sense first to attempt expenditure reduction and then to tackle the real wage level directly at a Minimum Wage Board hearing (Daniel and Sims 1986a:82–3). It was pointed out that it was much more suitable, given the politics and economics of the time, to resist an inflow of IMF funds in favour of obtaining political consent to a tough program of retrenchment. The Finance Minister at the time, Sir John Kaputin, who earned the reputation of a 'tough Finance Minister' due to his stand against excessive government expenditure, together with the central government agencies were firmly of the view that no concerted action could be taken until political leaders, other members of parliament, the public service and the urban community in general were so well aware of the difficulties Papua New Guinea now faced that they would consent to a reasonably explicit program of real wage reduction.

In the end, the political leaders, particularly the prime minister and finance minister, adopted the view expressed by the Finance Department and the National Planning Office. They decided not to approach the IMF in preference to internal adjustments. When the 1982 budget was introduced in November 1981, it called for two years of reduction in real goods and services expenditure and then only one per cent a year growth in government expenditure thereafter, staff reductions of approximately 1,000 be made across all activities, no purchase of motor vehicles for government use, increased government revenues, shift in expenditure to income-generating projects, control of private sector credit, control on real wage levels, and extra levels of Australian aid. Although the government of Prime Minister Sir Julius Chan did not return in the 1982 elections, the reform measures were espoused by the new Somare-led government.

According to Daniel and Sims (1986a), the reform was successful. An expenditure reduction program was successfully implemented and

was in fact made still more severe during 1982, retrenchment of 1,000 public servants in 1982 was largely achieved through abolishing funded but vacant positions, non-mineral revenues increased sharply by some K45 million (of which K30 million could be attributed to the various new measures), the government succeeded in obtaining a re-adjustment within the terms of the Australian aid agreement in early 1983, and after 1983 there was a gradual 10 per cent devaluation, followed by another 5 per cent in 1985.

In the 1981 reform program the initiative to reform emerged from PNG politicians, aptly advised by a core of economic advisors. This was despite the fact that important elements within the government, including the Deputy Prime Minister, (the late Sir Iambaky Okuk), were more inclined to increase spending than to reduce it as the June 1982 general election was looming. The government had the resolve to implement internally designed stringent reform measures rather than approach the IMF. And although the Chan government was not returned to power in the 1982 election, its loss cannot realistically be attributed to the reform measures. The coalition appears to have been defeated by the continued fall in commodity prices in the first half of 1982, and the growing belief that some members of parliament and Ministers were more interested in personal gain than in service to their electorates. It also reflected the enduring belief that Sir Michael Somare had been a successful Prime Minister, but his government had been turned out of power not through the ballot box but through political manoeuvring that had brought the Chan government to power after a vote of no confidence (Daniel and Sims 1986a).

The 1990 World Bank/IMF structural adjustment program

The country's second major shock arose in 1990 from a very lopsided economy, showing increasing dependence on the mineral sector, dwindling international reserves, poor economic growth rates, and diminishing employment opportunities. It was exacerbated by the closure of the Bougainville mine in May 1989 arising from rebel activities. The Bougainville copper mine was a major source of revenue. Direct revenue to the government from the mine constituted about 20 per cent of total revenue via the Mineral Resources Stabilisation Fund (MRSF). Moreover, the mine had an annual output of about 570,000 tonnes of copper concentrate which generated about 40 per cent of the country's total export income.

The Bank of Papua New Guinea towards the end of 1989 had projected that in the absence of any policy measures, the balance of payments would have recorded an overall deficit of around K270 million in 1990, leaving foreign exchange reserves at an unsustainably low level (Bank of PNG, *Quarterly Economic Bulletin*, December 1990). Against the bleak economic backdrop, the government was faced with no alternative but to finance the deficit. Both politicians and bureaucrats were aware of the need to eliminate longstanding structural impediments to the growth of the economy. The decision to initiate reforms was put to the IMF mission that visits Papua New Guinea annually under Article IV of the IMF Agreement concerning consultations. The government was well aware that it could not rely on the country's foreign exchange reserves. Reserves were already near depletion. Nor could it possibly attract additional inflows of short-term capital given the sudden closure of the BCL mine. What was possible under the circumstances, however, was to obtain long-term concessional loans and grants from the international donor community, including the World Bank and IMF.

To this end, K410 million was hastily obtained in 1990 from the two Bretton Woods institutions. Prior to the granting of these funds, the PNG government had adopted a set of policy measures that included the following

- a 10 per cent devaluation of the currency
- a net cut of K80 million in Government expenditure, of which K74 million was determined by a committee headed by the Prime Minister
- a restrained wages policy, including an agreement between the government and the Public Employees Association to discount up to 2 percentage points from wage increases, as determined by the Minimum Wages Board, and
- a tight monetary policy stance which was nevertheless accommodative to the credit needs of the non-mining sector (Bank of PNG, *Quarterly Economic Bulletin*, December 1990).

Phase 2 involved medium to long-term structural adjustment and development centring on the need to remove long-standing structural weaknesses in the non-mining sector. Included in the program were the following: human resource development; investment deregulation and promotion; trade policy reforms; privatisation and commercialisation of government parastatals; encouraging domestic

resource mobilisation; simplifying the regulatory framework for investment; emphasis on increasing government investment in high-yielding projects compared to consumption; policies to improve land administration; broadening the tax base, including a shift from direct to indirect tax; and policies to improve the transportation, communication and other infrastructure facilities (Department of Finance and Planning 1991:2–5).

How far was PNG's structural adjustment program, initiated in 1990, implemented? At the outset, it should be noted that the government, having realised that the economy had stabilised earlier than expected, proceeded to relax the tight monetary and fiscal stance it took as a result of the loss of revenue from the Bougainville mine in late 1990. In particular, budgetary cuts were less than the anticipated K80 million; the lending rate was reduced; reductions in the size of the public service were offset by new recruitment; and wage restraint, which was to last for two years (to the end of 1991), was relaxed earlier than planned. In short, the cutbacks achieved in the early part of 1990 were more than compensated by the end of that year. This was not welcomed by the private sector as it meant that they were left alone to bear the burden of adjustment.

Nevertheless, the government, in reaffirming its commitment to the belief that the development of the non-mining sector depended on the growth of the private sector, made sweeping revisions in its policy regarding the private sector and the wider economy. One notable change was the lowering of corporate tax rates from 30 per cent to 25 per cent. This, it believed, would lower the tax burden on companies and therefore contribute to making Papua New Guinea more competitive *vis à vis* neighbouring countries. It was also an attempt to stimulate investment and job creation.

Moreover, it proceeded to remove taxes on employment-related benefits; to standardise retail sales tax rates to a maximum of 2 per cent (compared with the previous levels of 1.5–6 per cent); to eliminate taxes on telephone and electricity services; and to introduce a new tax collection system for mining and petroleum companies (Economic Intelligence Unit 1992). Against the obvious point that it would thereby lose substantial revenue, it projected that mineral receipts would assist in covering the tax cuts. In addition, in August 1992, the Minimum Wages Board took the decision to cut the urban minimum wage from just over K60 per week to K23, which was previously the rural rate (Economic Intelligence Unit 1992). Coupled with this, it

decided to discontinue the practice of automatic wage indexation and to allow minimum wage rates to be determined by employer–employee bargaining based on productivity and ability to pay. Having reduced the minimum wage, it also undertook to raise the personal income tax threshold from K2,400 to K3,000, which relieved an estimated 17,000 people from having to pay income tax. This is about 7.6 per cent of the 225,000 persons engaged in wage employment out of a potential 2 million labour force.

In a move to remove some of the constraints on the agricultural and manufacturing sectors and in response to a shared view by investors that government administration and regulations are much more prohibitive than the physical and economic constraints (Daniel and Sims 1986b), the Government Regulations Advisory Committee (GRAC), was established comprising both government and private sector officials. It drew up a set of trade reforms, including investment deregulation, which replaced the cumbersome National Investment Development Authority (NIDA) with the Investment Promotion Authority (IPA); land deregulation to solve the current scarcity of land; providing easy access to work permits for non-citizens; eliminating price controls and subsidies over the medium to long term; and removing quantitative restrictions (quotas) and bans and replacing some of these with tariffs (Department of Finance and Planning 1991). In addition, import duties on inputs to agriculture, fishing, forestry, manufacture and tourism were reduced to zero.

Convinced that the supply conditions in manufacturing are subject to increasing returns to scale with higher income elasticity of demand, the government undertook to promote industrial development vigorously. Its role, as outlined in the Medium Term Industry and Trade Development Action Plan (1991), it believed, was merely to provide the necessary conditions for the proper functioning of market forces. The Action Plan aimed to address some of the long-standing problems including a short supply of skilled labour; high labour costs and low productivity; high land, housing, transport and utility costs; poor information availability and access; inappropriate technology; persistent law and order problems; and, due to the terrain of the country, a small fragmented market.

Finally, in response to persistent criticisms of the quality of education both from within the country and abroad, despite high expenditure since independence on this sector (13–17 per cent of total government expenditure), the government undertook to work towards

providing free primary education; upgrading teacher training; endorsing the establishment of the National Training Council; placing emphasis on skill-enhancing courses; and upgrading educational institutions. Renewed efforts were also made in the way of encouraging the private sector's involvement in the running of educational institutions.

It is difficult to pinpoint whether the impetus for the 1990 structural adjustment program emanated primarily from the government or the IMF/World Bank. This is because although the government was aware of the need to rectify long-standing structural impediments to the growth of the non-mining sector, it kept on postponing necessary painful measures. What is clear, however, is that the government was taken by surprise by the shock closure of the BCL mine which had been its 'cash cow' since the 1970s and therefore had to adopt an IMF/World Bank structural adjustment program. When it did so the opposition accused the government of pressing 'panic buttons' and that it could have handled the crisis with internal adjustments. With hindsight, this may have been true since the economy had self-stabilised before the government commenced drawing down on the secured loans by the last quarter of 1990 and at one stage was accused by the IMF of dragging its feet on loan drawdowns (Kavanamur 1997). This, coupled with the prospects of large revenues from new resource projects, lifted the sense of crisis. However, even if the government had handled the crisis via internal reform measures, structural impediments would have remained unattended to, as was the actual case until 1994.

Structural adjustment reintroduced in 1994

The adoption of the second World Bank/IMF sponsored structural adjustment program in 1994 can be partly attributed to the government's failure to implement reform measures fully the 1990 structural adjustment program. This earlier program was abandoned as a result of the mineral and petroleum boom euphoria of 1990, among other factors. A widely quoted and reported document in the local press unintentionally contributed to this euphoria (Parsons and Vincent 1991). Although the purpose of this document was to discuss how best the anticipated increased revenue could be utilised for development purposes, it nevertheless generated perceptions in the minds of politicians of an influx of potential massive petro-dollars,

hence the postponement of painful measures such as public service cuts and expenditure restraint.

After the 1992 national election, a new government was installed proclaiming popular policies such as free education and commodity price support. Thus by 1993 it was evident that the government had lost its grip on budgetary deficits. National departments overspent on mainly goods and services, wages and travel by both administrative personnel and politicians. Over K91 million was given to the commodity stabilisation funds for major tree crops. Huge educational subsidies were paid as well as funds given to the village services program and the electoral development fund. Funds for the latter were raised to K100,000 per member of parliament in 1993 and then to K300,000 in 1994. Overall, the budget overshot by a substantial margin (Table 5.1).

Huge expenditures were not matched by revenue inflows in the 1990–93 period. A cash flow squeeze emerged in early 1994 resulting in the closure of many boarding schools, drying up of medicine supplies, government bills of K200 million not paid, and so on. The immediate response was to reintroduce stabilisation measures entailing the tightening of monetary and fiscal policies under the auspices of the IMF. This was followed by the implementation of structural adjustment policies under the guidance of the World Bank.

Table 5.1 Budget deficit, 1988–97 (per cent of GDP)

	Planned	Actual
1988	0.7	0.9
1989	0.3	1.1
1990	1.2	3.3
1991	2.5	4.6
1992	1.2	5.6
1993	3.3	5.9
1994	4.7	2.5
1995	1.0	1.0
1996	1.0	1.1
1997	0.6	-

Source: Bank of Papua New Guinea, *Quarterly Economic Bulletin*, 1995 Vol.1; Department of Finance and Planning, Budget Papers, Port Moresby.

However, prior to approaching the Bretton Woods institutions the government undertook the following internal stabilisation measures aimed at tightening fiscal and monetary policies, expenditure restraint, and depreciating the foreign exchange rate

- introduction of a mini-budget in March 1994 aimed at trimming expenditure by K545 million and raising revenue by K81 million
- setting up of an Executive Expenditure Controls Committee in July 1994 by the cabinet to monitor all government expenditure
- devaluation of the kina in September 1994, eventual adoption of a free-floating exchange rate in October 1994, and introduction of screen-trading in the kina foreign exchange to stabilise the fast declining rate and hence restore investors' confidence in the kina
- raising of the Minimum Liquidity Assets Ratio from 11 to 32 per cent by March 1995
- introduction of a Supply Bill for the first quarter of 1995 as the 1995 budget was still pending awaiting negotiations with the IMF and World Bank (Mawuli 1995).

Benefits from the above measures began to materialise in the first quarter of 1995, including a budget surplus compared to the corresponding period of 1994. Nevertheless negotiations with the World Bank for a US\$50 million loan were still undertaken since the balance of payments crisis was not transitory in nature. Also, the extreme reluctance of the international donor community (particularly Australia and international commercial banks) to lend money to the government without first adopting a World Bank/IMF package was all the more reason to sustain negotiations.

The opposition gave its support to the government's stabilisation measures but called for more sacrifices at the political level—a call which went unheeded. It argued that tough decisions meant not only cutting the size of the public service and wage freeze, but also cutting ministries, reducing the number of government departments, minimising Vice Minister posts, abolishing members and Ministerial allowances, reducing salaries and allowances of departmental and statutory bodies heads, and a 20 per cent cut on members' and ministers' salaries. The opposition also encouraged the government to invite the IMF and World Bank (*Post Courier* 8 March 1995:6). Individuals also called on the government to invite the Bretton Woods

institutions. A few non-governmental organisations attempted to cultivate support against the engagement of the two institutions, but to no avail.

After many reports that negotiations had reached a stalemate a memorandum of understanding was finally reached between the government and the IMF/World Bank to establish a framework for a standby facility and a structural adjustment program in April 1995. This was immediately followed by the release of the first tranche loan of US\$25 million. However, this was only done after the government had succumbed to a total of 27 conditions imposed by the World Bank ranging from reaching macro targets to land reforms. The release of the second tranche loan was made conditional upon satisfactory implementation of these conditions. As it turned out, the second tranche of the US\$50 million was on hold for more than a year until January 1997.

The loan was put on hold after the World Bank had raised concerns over, among other things, logging practices of some companies and the power to appoint members to the National Forest Authority being vested in the Forestry Minister instead of with the Authority itself. This resulted in a 90-day ultimatum issued by the World Bank for the government to meet nine outstanding conditions of a total of 27. While the government did meet five of the outstanding conditions, the World Bank president, James Wolfensohn, had to recommend a waiver on the remaining conditions on the grounds that steps had been taken to meet them. The stalled payment of the second tranche loan had led to heated exchanges between the parties involved, with the Finance Minister at one stage accusing World Bank officials of meddling in the nation's sovereignty. At another stage, a World Bank review team had to cut short its visit as a result of disagreements. Nevertheless, immediately after the conclusion of the first loan, the Finance Minister took the opportunity to announce the government's intention to commence negotiations on the second loan of about US\$50–100 million from the World Bank.

It was not surprising that the release of the second tranche had to be withheld for over a year as many of the conditions that the World Bank imposed were politically sensitive. The call for nationwide land reform was one of the most sensitive conditions as it called for customary land registration, triggering off widespread fears that the World Bank and the government were attempting to take away people's land. Teams of Unisearch PNG Pty Ltd researchers who

conducted a nationwide poverty assessment survey on behalf of the World Bank in 1996 reported widespread fears that the survey, together with attempts in early 1995 to register land were part of a grand process to subject all Papua New Guineans to the World Bank. Another group of researchers from the same company undertaking a time-use study to ascertain farmer behaviour in the country, experienced difficulties in obtaining cooperation for the same reason (Levett, Sagir, Kopel and Kavanamur 1997). Some farmers resented being followed around by enumerators from when they woke up to the time they went to sleep mainly because of the earlier adverse campaigns against land reform particularly by non-government organisations, university students and trade unions.

Poor handling of the World Bank-initiated *Land Mobilization Act* led to misinterpretation by interest groups and ultimately village people. At the University of Papua New Guinea, students confiscated and burnt five government vehicles in protest. In Enga more than 2,000 people turned rowdy and shouted down the lawyer heading the drafting of the proposed legislation as he tried to explain the benefits of land registration (*Post Courier* 18 July 1995). The law firm had to terminate its provincial tours and the draft legislation had to be indefinitely sidelined.

Clearly, under the proposed legislation customary landowners would be able to enter into commercial arrangements once they had titles to their land. However, given that 'land is life' in Melanesia the government should have taken time to explain the benefits to the masses and the World Bank should have been more sensitive. The timing was wrong. It came hot on the heels of the passing of the reformed Organic Law on Provincial Government— legislation widely perceived to have been bulldozed through parliament against public opinion.

The decision to adopt a structural adjustment program in 1994 was clearly caused by the cash flow crisis arising from overexpenditure since 1991 and the government's postponement of stringent measures entailed in the 1990 structural adjustment program. In January 1995, the Finance Minister announced that Papua New Guinea was going to attempt rescuing itself first. He said that 'the government is not in a rush to negotiate a rescue package being offered by the IMF/World Bank' (*Post Courier* 6 January 1995:4). He lamented at the tendency of these two institutions to thrust their conditions on member nations. However, by April 1995, international reserves had been depleted to

only a few days import cover. The Prime Minister was left with little choice but to cut into the Australian Prime Minister's holiday in Cairns to request financial support to help prop up the ailing kina and international reserves. Indeed, pressure for Papua New Guinea to adopt an IMF/World Bank package was exerted by Canberra, the opposition, individuals, and the Institute of National Affairs—an influential private sector-funded research institute in Papua New Guinea.

To sustain or not to sustain

Of the three adjustment periods that Papua New Guinea has had to contend with thus far, only the 1981 adjustment measures were successfully sustained. The 1994 program has hitherto been sustained, but there are doubts about its continued sustainability.

A number of factors were responsible for making the 1981 reform program stick. First, there was a high degree of technocratic consensus regarding the need to reform the economy. Key economic advisors from the Finance Department, National Planning Office and the Bank of Papua New Guinea generally agreed on the need for Papua New Guinea to live within its means and to divert resources and efforts towards removing supply constraints. This was despite disagreements on whether the reforms should be done internally or via the Bretton Woods institutions. It is also interesting to note that the technocratic élites gave advice without fear or favour reflecting the relative independence of the civil service. Moreover, key ministers within the government were receptive to the advice rendered by the technocrats backed up by a relatively competent public service. In particular, the Finance Minister with the support of the Prime Minister insisted on expenditure restraint, and disliked conflicting advice from technocrats. Furthermore, the opposition in its haste to score political points by criticising the government of extravagant spending in its 1981 Budget speech had locked itself into supporting the reforms entailed in the 1982 Budget when it was tabled in November 1981.

Second, the 1981 reforms were internally designed without the help of the IMF/World Bank, hence there was a high degree of commitment to their implementation.

Third, the manner of presentation of the reform measures in the 1982 Budget had a direct bearing on the implementation of the reforms. Sentiments expressed by the World Bank in its various

reports on the need for developing countries to adjust to new circumstances and that such efforts depended directly on domestic management were widely used in ministerial briefings on the economy. The use of the word 'bankrupt' in government briefs also assisted in incubating the right climate for reforms. Hence, the decisions on the 1982 Budget were made against the backdrop of an intensive program of briefing of the National Executive Council, provincial premiers, departmental heads, and the Public Services Commission—in view of the commissioners' importance in public sector wage questions. The educational process employed written briefs and slide presentations depicting the effect on the government's debt and the economy's balance of payments of all the possible options available and of the outlook of the strategy eventually adopted for the 1982 Budget. In fact, the budget achieved unusually substantial press coverage. Finally, there was continuity in the implementation of the reforms under the new Somare-led government that took office after the 1982 election.

When the 1981 reform program is juxtaposed with the 1990 structural adjustment program major differences emerge. The latter was aborted immediately. It has been noted elsewhere that upon realising that the economy had stabilised earlier than expected, the government wasted no time in abandoning the more stringent measures namely reducing budget deficits (Table 5.1) and trimming the 60,900 strong public service. This is not to say, however, that less stringent measures including broadening the tax base and investment deregulation targeted at stimulating the non-mining sector were neglected.

Unlike the 1981 structural adjustment program, many of the adjustment policies in the 1990 program were drawn up under the guidance of the IMF/World Bank. And although there was wide publicity of the balance of payments crisis and public debate on policy options facilitated by the Institute of National Affairs and the National Research Institute (Dahanayake 1990), the Opposition was not convinced that the government had exhausted all options before inviting the Bretton Woods institutions.

A number of factors can be ventured for the unsuccessful attempt to implement structural reforms in 1990. First, the economy had stabilised itself before the end of the first year of adjustment. Second, the euphoria of an impending mineral boom generated by an

exploration boom in the latter part of the 1980s lifted the sense of crisis (Duncan and Temu 1995; Garnaut 1995). Finally, the looming 1992 elections may have contributed to the lax attitude towards expenditure restraint in 1990 as in PNG elections, there is a high degree of correlation between electoral success and the volume of public money spent.

Sustaining the 1994 structural adjustment program has not been conspicuously satisfactory. As has been alluded to elsewhere, the government had initiated stabilisation measures as a prerequisite to accessing IMF balance of payments support of K70.9 million in 1995, K36.2 million from Japan's Exim Bank, K69.4 million from the Australian government, and US\$25 million as part of the first tranche from the World Bank's US\$50 million loan. The second tranche loan from the latter was released only after the PNG government had struggled for over a year to fulfil about 75 per cent of the 27 conditions set. Three of the outstanding conditions had to be waived by the World Bank president. It must, however, be noted that the most stringent and politically sensitive measures including the reduction of the budget deficit to less than 1 per cent, shedding of 4,568 public servants, tariff elimination, privatisation, land reforms, and elimination of the reserved business activities list for citizens have not been satisfactorily implemented.

Notwithstanding the 75 per cent success of the government in sustaining reforms in the period 1994–96, pressure is mounting from within the government to reverse reform measures already implemented or to stifle progress made towards implementing the more painful measures. A number of examples of this danger exist. First, the budget deficit of 1 per cent achieved in 1995 increased to 1.1 per cent in 1996 (Table 5.1) and is likely to increase to 2 per cent in 1997 when one takes into account the contract with the British-based Sandline International for the purchase of consultancy services and military equipment for the PNG defence force and the fact that the Finance Department is struggling to prevent departmental heads including provincial administrators from overspending their budgets. Despite warnings issued by the Finance Department in November 1996 that it would suspend heads of departments who overspent, it was apparent by April 1997 that another budget blow-out was imminent (*The National* 30 April 1997). Duncan and Temu (1995) have commented that penalties have always been in place for departments

which overspent but enforcement has generally been lacking. The lack of control is reminiscent of the 'weak state' phenomenon that has been used to describe the state in Papua New Guinea (Larmour 1995).

Second, progress towards retrenching 7.5 per cent of some 60,900 individuals on the public payroll has been slow (World Bank Review Mission, March 1997:5). To date, only a total of 2,750 (4.5 per cent) public servants and other public officials have been retrenched.

According to the Department of Personnel Management, a more limited staff reduction exercise would be undertaken in 1997 (*Post Courier* 24 April 1997). The delay was partly due to the diversion of retrenchment funds to meet the Sandline contract of K36 million.

Third, the World Bank has raised concern with the apparent deterioration of governance and accountability in the use of public resources particularly in relation to a number of questionable decisions by the Tenders Board and decisions to write-off the Coffee Industries Corporation debt to the state without putting in place appropriate measures to prevent future defaults (Hamidian-Rad 1997). The move by the Finance Minister to raise US\$18 million as first instalment of Sandline International is another case in point depicting lack of accountability. It was revealed to the Andrew Commission of Inquiry into the Sandline affairs that the Finance Minister, acting against technocratic advice and in direct contravention of the Appropriation Act—which allows the minister to authorise re-allocation up to a limit of K2 million—directed finance officials to slash budgetary allocations to a number of departments (*Post Courier*, 22 April 1997).

Fourth, another recent concern of the World Bank is in relation to increasing pressures from various government departments to 'reverse policy reforms adopted under the first phase of the reform program, particularly the tariff reform and the framework to promote direct foreign investment' (Hamidian-Rad 1997:2). It appears that tariff protection continues to be accorded to selected commercial projects such as the Napa Napa oil refinery, and there have been a number of departmental submissions aimed at extending the period for achieving full tariff liberalisation from 1998 to 2005. The World Bank has also queried the re-introduction of investment certification function by the Investment Promotion Authority which it perceives as a constraint to foreign investment. Finally, whilst progress has been made towards privatising a limited number of public enterprises, land reform and the elimination of the reserved business activities lists for

citizens have been stalled due to the existence of strong political and social opinion regarding these two conditions.

The current structural adjustment program initiated in 1994 has demonstrated that whilst it is relatively easy to stabilise PNG's economy, it is often difficult to sustain structural adjustment for at least over a year. The first phase of the current program shows that for it to be sustained there had to be constant monitoring by the World Bank to ensure implementation of externally set conditions—evident in the 90-day ultimatum issued to Papua New Guinea in 1996. Moreover, unlike in the 1980s, the independence of the public service has been gradually eroded so that technocrats no longer give advice without fear or favour. This has been caused by the downgrading of the role of the Public Service Commission resulting in pervasive political interference in the appointment of departmental heads and a high turnover of departmental heads of the finance department despite the introduction of contracts for such officials. A related development is that of the tendency for ministers of key ministries to disregard technocratic advice. For instance, in the area of fiscal discipline the Sandline deal revealed that the Finance Minister disregarded advice and set procedures outlined in the *Public Finance Management Act* as well as the *Appropriation Act*. And reminiscent of a weakening administrative layer, key officials could not resist his advances, and knowing the potential dangers, provided advice on how to manoeuvre around legal and procedural obstacles.

Furthermore, it is evident from events in 1994–96 that the government is prepared to implement conditions which evoke less political dissent in order to unlock some immediate inflows of capital. This calls for the World Bank/IMF to be more politically sensitive. It would be better to delay certain policy changes in relation to, for example, land reform and the elimination of the reserved business activities list, until the political conditions are right. A recent study of the reserved business activities list recommended that whilst the government should maintain its stand to remove this list in line with the World Bank's wishes, its phasing out should be gradual over a period of five years to allow sufficient time for the government, reserved businesses and the public to absorb the impact (Darkoh, Mawuli and Kavanamur 1996:62). The recommendation was based on a survey of 461 enterprises and a total of 381 key informants sampled from all the provinces except North Solomon. Indeed, it is ironic that with the vast experience of the two Bretton Woods institutions in

Africa, South Asia and Latin America, they have not been able to identify with some confidence the conditions in which governments will make promises to them, but end up defaulting. Encouraging governments to adopt politically sensitive conditions on the basis of false expectations is often counter-productive as has been observed elsewhere (Harvey 1993).

Some policy conclusions

Causes of balance of payments crises in Papua New Guinea have been attributed to both internal and external factors or 'swings, shocks and leaks' (Daniel and Sims 1986a). In 1981, the initiative to reform emerged from within, and policy changes were internally designed. Although by 1990 both politicians and bureaucrats were aware of the need to eliminate long-standing structural impediments to the growth of the non-mining sector, complacency led to procrastination in implementing policy reforms. The Bougainville crisis may have been a blessing in disguise as it provided an opportune time to adjust the economy, but lack of political will and political impediments, among other factors, prevented sustainment. The decision to adopt a structural adjustment in 1994 was caused by the cash flow crisis which arose from runaway budgetary deficits since 1991. Although the government implemented internally designed stabilisation measures, it became apparent by 1995 that there was a need for externally sourced funds to prevent Papua New Guinea's emerging modern cash economy from collapsing.

Both political and bureaucratic decisionmakers must be convinced about the utility of structural adjustment programs and should prepare their own proposals for policy changes to complement those set by the IMF/World Bank. If some of the policy changes are not internally designed then the agenda will be set by the Bretton Woods institutions. The government will negotiate from weakness and may become less than fully committed to the changes. As a result the probability is, that the program will be abandoned before any benefits accrue. Thus far, Papua New Guinea's experience shows that sustained implementation requires

- a high degree of political and technocratic consensus on the need to reform the economy
- greater technocratic and administrative competence to

handle procedural requirements and undertake implementation of measures

- a strong Finance Department
- receptiveness of key ministers to technical advice
- internal design of aspects of the program
- sensitivity on the part of IMF/World Bank on measures that may evoke widespread political dissent
- periodic monitoring of the implementation process and application of some pressure by the IMF/World Bank.

Based on Papua New Guinea's struggle to implement the 1990 and the 1994 programs we can highlight a number of policy issues. First, there has been a decline in the independence of the public service such that technocrats are unable to provide advice without fear of retribution from their political masters. It appears that the public sector has generally deteriorated as a result of pervasive political interference in the appointment of departmental heads, a low sense of nationalism, compartmentalisation and fragmentation of departments, and bureaucratic envy and rivalry among departments at both the provincial and national levels. The crucial importance of a competent civil service and the development of a corps of economic technocrats for policy reform and economic development has been evident in the economic success of East Asia (World Bank 1993).

Second, there has been a decline in the reputation of the Finance Department as 'tough' on fiscal discipline—a reputation it earned in the 1970s and 1980s. There has also been a high turnover of its chief executives. It has had six different heads since the mid-1980s. A third point to be made relates to the high turnover of politicians during general elections and hence lack of policy continuity. The 1992 elections saw a turnover rate of 60 per cent of the sitting 109 Members of Parliament (Saffu 1996). This is likely to increase to about 80 per cent in the 1997 elections. Thus, there is little policy continuity as those who may have gained valuable experience, and learned important policy lessons from past adjustments, lose their seats. And as new politicians come into parliament, they scramble for whatever public resources are available to implement their, more often than not, populist policies as guarantees for re-election. Many candidates for the June 1997 election were promising voters free education rather than fee subsidisation, 75 per cent medical insurance cover for the elderly, a

reversal of the user-pay policy in education and health, and so on. Hence, it now appears that general elections beget budget blowouts.

Fourth, because it is relatively easy to stabilise the PNG economy quickly during times of balance of payments disequilibrium, the pressure for sustaining structural reforms is reduced. One possible explanation is that because the economy is heavily dependent on imports and that there is a high propensity to consume out of disposable income, any shock which reduces income quickly translates into a decline in consumption and falling imports (Elek 1991; King 1996). The same can also be said of government expenditure which is mainly on consumption and hence this can be readily adjusted in the face of shocks. Other explanations include the points that ongoing developments in the resource sector have helped to offset macroeconomic shocks by bringing in large inflows of foreign exchange; and finally unlike some developing countries, Papua New Guinea has not yet been abandoned by the international donor community.

There appear to be inherent difficulties with sustaining commitment for structural adjustment programs. There are many explanations for this. Many of these can be bundled together under the argument that political rationality inherent in liberal democracies runs against economic rationality. Thus, well-intended policy reforms may be adopted after a balance of payments crisis but these may be aborted before general election time. Also, policy reforms are unlikely to be immediately implemented by a government that has just been voted into power on the basis of populist policies. Perhaps the best time to implement reforms is the period that lies between a year after election and a year before the next election. The danger, however, is that reform measures already implemented will be reversed. Overall, sustainment of structural reforms in Papua New Guinea depends on how best policymakers address these political factors.

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6

Deforestation and politics in Solomon Islands

Tarcisius Tara Kabutaulaka

The world has become increasingly conscious of the social, political, economic, and environmental effects of large-scale resource development. Deforestation is a consequence of unsustainable logging practices, agricultural expansion, environmentally harmful development projects, population growth, and government policies. In international fora such as the 1992 United Nations-sponsored Rio environmental conference, for example, deforestation featured prominently. Following Rio, further discussions have been underway in an attempt to set up an international agreement for the management of forest resources.

However, many governments have not translated these expressed concerns into practice. Tropical forests continue to disappear at an alarming rate. The Food and Agriculture Organisation (FAO) reported that throughout the Third World, tropical forests are disappearing at a rate of almost 17 million hectares per year. In many cases governments play an important role in the destruction of rainforests. In Indonesia and Malaysia, for example, where the state has control over forest resource, the rate of deforestation continues to escalate (Hurst 1990). In the Philippines, deforestation rates are declining merely because there are fewer 'forests to deforest' (Dauvergne forthcoming). In the Philippines tropical hardwood trees declined from 15 million hectares

in 1970 to only 1 million in 1987. Indonesia, with 10 per cent of the world's rainforests, is estimated to be losing approximately 900,000 hectares of forest each year¹ (Dauvergne 1994; Hurst 1990).

The issue of forest management is especially paramount for developing world countries with economies that are almost entirely dependent on the timber industry, and populations that rely on the rainforest for medicinal plants, food, timber, firewood, building material, as well as other social and cultural needs. In nearly all of these countries the social, political, economic and environmental effects of forest destruction on local communities and national economies have been at the forefront of discussions about resource management (Hurst 1990). Pacific island countries², for example, are so economically dependent on the development of limited resources that the issue of proper management becomes especially important. Here, rainforest management is often made complex by socio-political factors such as domestic political culture, land tenure systems, the politics of landowner groups, traditional cultures and customs, peoples' perceptions of development and changing consumption patterns. Furthermore, forest management is influenced by the nature of interaction between the state, corporate powers and civil society.

This chapter proposes to discuss the politics of resource management, looking specifically at the case of the forest industry in Solomon Islands. This is an issue which has become controversial in recent years because of the country's increasing economic dependence on logging, unsustainable logging practices, the involvement of politicians and other public officers, and the increasing role of corporate powers. Tax evasion by multinationals has resulted in huge loss in potential government revenue. Why is it that logging continues to escalate despite widespread publicity about its harmful effects?

- What are the factors that affect forest management in post-independence Solomon Islands?
- What is the role of the state and how has that role been influenced by state-civil society relations and corporate powers?
- How do factors such as domestic political culture, land tenure and cultural traditions affect forest management?
- Are there similarities or differences in forest management between different parts of Solomon Islands, and why?

The discussion will concentrate on the domestic factors that influence the management of the forest industry in Solomon Islands.

While international factors such as international trade, the role of corporate powers, transfer pricing, and international agreements are important, they are not the primary concern of this chapter. Rather, the focus here will be on the domestic socio-political and cultural factors that influence forest management. I argue that the process that leads to unsustainable logging practices in Solomon Islands cannot fully be understood without examining socio-political and cultural factors that influence the decisions of national and community leaders. There is a need to understand the factors that influence Solomon Islands state policies and why it is often difficult to implement them. It is the domestic socio-political and cultural influences that shape and drive the state policies (and how they are implemented) and landowner decisions to engage in logging agreements.

Theorising forest management

Peter Dauvergne provides an useful discussion of the competing explanations of deforestation (Dauvergne 1994). He places these explanations into four broad categories, each of which are different critical causes of deforestation: tropical government, environmental, developmental, and public policy. The tropical government explanation places the blame on indigenous people and their traditional farming techniques for deforestation. This states that although some deforestation was caused by logging, development projects and 'natural' fires, the primary cause of swidden agriculture. Hence, it proposes that to halt or slow down deforestation traditional agriculture must be reduced.

The developmental explanation asserts that the main causes of deforestation are 'clearing land for agriculture, commercial logging, fuel wood gathering, and cattle raising' (Dauvergne 1994:500). Developmentalists claim that the underlying causes of mismanaged logging and unsustainable traditional practices (as discussed in the tropical government explanation) include 'poverty, rapid population growth, ignorance, and to a lesser extent, various public policies' (Dauvergne 1994). These arguments are usually found in World Bank explanations of deforestation and in the reports of organisations such as AusAID in Australia (Duncan 1994).

Dauvergne went on to state that environmental explanations normally focus on destructive logging and large development projects, the role of international organisations and foreign companies.

Environmentalists strongly disagree with tropical government claims that traditional farming is the primary cause of deforestation. On the other hand they argue that 'aid agencies, multinational corporations, international finance, and Third World élites, motivated by profit maximisation and the international market, all contribute to destructive forest activities' (Dauvergne 1994:501).

The final explanation, according to Dauvergne, is the public policy explanation which blames government policies as the cause of destructive logging. This explanation claims that there is a direct link between the content of policies made by bureaucratic departments and the enforcement of these policies and deforestation.

Dauvergne's categorisation of the different explanations of deforestation is useful as the basis for analysing forest management in the Third World. The four conventional explanations he identifies each provide some insight to the causes of deforestation and the management approach that needs to be taken. However, he claims that none of them adequately deals with deforestation processes. He then goes on to illustrate with the case of Indonesia that 'political structure and process, and the attitudes of the decision-making élite, which are shaped and encouraged by relations with developed countries, international organisations and international finance, shape and drive' (1994:507) the different factors which encourage the unsustainable exploitation of rainforests.

While Dauvergne's emphasis on political structure and processes, and the attitudes of decision-making élites is appropriate in the case of Indonesia where the state has control over forest it may prove inadequate in explaining unsustainable logging in Solomon Islands where about 87 per cent of land is customary-owned and the state has limited power over forests in these lands. An explanation of unsustainable logging in a country such as Solomon Islands needs to go beyond political structures, processes and decision-making élites. There is a need to understand the wider society and the factors that influence their decisions.

The discussion of resource management often focuses too much on the role of the state. Therefore, when there is mismanagement, the state is immediately singled out as failing to function. This approach is based on a number of assumptions: first, it is assumed that the state is the institution that should be responsible for resource management; second, it is assumed that the state wants to manage the resources, and third, that the state has both the power and capacity to do it.

Solomon Islands forest industry: a background

Solomon Islands is the second largest of the South Pacific island nations, after Papua New Guinea. In comparison to the Polynesian islands to the east, and the Micronesians to the north, this former British colony is endowed with relatively rich natural resources such as timber, minerals and fisheries. Currently the most important resource economically is timber. Most of its 922 islands (six large islands, 22 medium sized ones, and hundreds of smaller islets and reefs) are clad with thick tropical rainforest which provides food, medicine, building materials, and increasingly in the last two decades timber for both local and international markets. The tropical rainforest covers some 2.4 million hectares of the land. However, only about 200,000 to 250,000 hectares are exploitable using current logging techniques (Montgomery 1995). Large-scale commercial logging started in the Solomon Islands in the 1960s. Ian Fraser (1997) identified two periods: the first is from 1963 to the early 1980s when most logging took place on government land or customary land leased by government. At that time the timber industry was monopolised by Levers Pacific Timber which made up around 75 per cent of log production. The second period of logging began in the early 1980s and continues today. This period is marked by a shift from government land to customary land (which makes up around 87 per cent of the total land area in the country) and an influx of multinationals (particularly from Southeast Asia) in the logging industry. Politically, this period coincided with the coming into power of the first Solomon Mamaloni-led government. The number of logging licences given to foreign companies increased fourfold from 1981 to 1983. Log production also increased rapidly and by 1981 it had gone beyond sustainable level.³ In 1992, it was estimated that about 13 million cubic metres of commercial timber was harvestable by current logging methods and most of this was rapidly disappearing by the late 1990s.

This increasing economic dependence on timber has engendered a continuing topical and controversial debate surrounding the rates of exploitation, sustainability, logging practices, the role of corporate powers, and the capacity of the state to manage the forest resource. In the last five years timber was being exploited at a rate that significantly exceeded the potential sustained yield. Log exports in 1994 and 1995, for example, were 659,000 and 748,500 cubic metres respectively (Central Bank of Solomon Islands 1995). This is more than

double the potential sustained yield. Consequently, it has been estimated that if current levels of log production continue, it may see commercial trees being depleted in less than a decade (Fraser 1997). That is one of the major concerns of environmental organisations as well as international development agencies and aid donors.

However, the claim that commercial timber may be depleted in less than a decade if current logging practices are maintained has been strongly disputed by the Solomon Islands Forest Industries Association (SIFIA)⁴. In January 1997, SIFIA premiered a video documentary produced for the purpose of what Eric Kes, the Executive Director of SIFIA, described as correcting 'widespread misconceptions about the Solomon Islands forest industry sector, which have often resulted in misinformed and emotion(al) criticism(s) of the industry and government, both locally and abroad' (*Solomon Star* 29 January 1997). The underlying argument in the video is that while close to 80 per cent of Solomon Islands' land is covered by forests, only about 12 per cent is suitable for commercial logging operations. Kes stated that 'the often used stereotype of total forest destruction is simply untrue' (*Solomon Star* 29 January 1997).

What the SIFIA document does not state, however, is that most of this 80 per cent of natural forest is not logged because it is not suitable for logging. The document does not make the important distinction between commercially logged forest and forest in general. Also, the organisation has manipulated people's ignorance of the differences between deforestation and forest degradation. Hence, it stresses quite correctly that the antilogging argument that Solomon Islands will be deforested within a decade is misleading. However, this takes the debate away from the real issue—commercially valuable forest will be degraded if current rates of logging are maintained. This will result in economic and social catastrophe because of the high economic dependence on log exports.

The video documentary also featured the Prime Minister, Solomon Mamaloni. The Prime Minister commented on SIFIA's part in 'formulating forest management measures, training matters and expressed his satisfaction with the ongoing dialogue between government and the industry' (*Solomon Star* 29 January 1997). The film also referred to the Code of Practice and expressed SIFIA companies' commitment to the principle of sustainable forest management. In an unpublished paper released at the film's premiere, Eric Kes writes: 'The Solomon Islands Forest Industries Association

(SIFIA) is committed to the principle of Sustainable Forest Management (SFM)'.

Whatever truth there is about sustainable level of harvest, three facts are undisputable: log production has definitely increased in the past decade (Fraser 1997); Solomon Islands has become economically dependent on timber exports; and, despite increasing log export, actual revenue has declined.

The *Solomon Star* reported on 4 April 1996 that although the value of round log exports in 1995 increased by SI\$16.7 million, the amount collected as export duty to the government fell by SI\$12.6 million. Also, increasing log exports have not curtailed increasing fiscal deficits over the last four years. These problems were exacerbated by political leaders' reluctance to make dramatic changes to current policies and practices.

The role of corporate power in the Solomon Islands forestry industry is significant and must be mentioned. Over the past decade the industry was dominated by multinationals, particularly Malaysian and Korean investors backed by Japanese and Korean buyers. These corporate powers, supported by favourable state policies, landowner agreements, as well as poor management and other factors, have, in the last five years, helped push log production to more than double the sustainable rate. Peter Dauvergne (forthcoming) discussed corporate power involvement in the timber industry, especially the techniques often used to evade taxes, and maximise benefits from the industry. Multinationals often 'pressure governments to develop policies that maximise profits, construct complex corporate structures that reduce accountability and transparency, and evade taxes and timber royalties' (Dauvergne forthcoming:2), and have taken advantage of the structural defects in the timber management rules in Solomon Islands and have benefited enormously from the industry'. There is evidence to show that corporations have used transfer pricing and have made informal agreements to ensure they benefit from the timber industry (Price Waterhouse 1995:39–40; Duncan 1994). A Price Waterhouse consultancy report prepared for the Ministry of Environment and Conservation and the Ministry of Finance reported that insufficient finance, and the lack of technical and human resources to monitor logging operations meant that it is difficult to implement state forest policies, especially environmental rules. Consequently, many multinationals in the industry break the regulations and get away with it. The Solomon Islands Division of

Inland Revenue, for example, does not have the financial, technical and manpower capability to prevent or counteract corporate schemes to evade taxes (Price Waterhouse 1995). The means that Solomon Islands has lost out on income from forestry. In 1994 it was estimated that SI\$34 million was lost through the government's decision to exempt some logging companies from paying export tax (Duncan 1994). This was particularly the case for 'locally owned' companies such as the Prime Minister's own Somma Ltd.

Ian Fraser (1997) also found a correlation between the changes of government and the rate of timber exports. The rapid increase in timber export is a trend which started in 1981 when, under the first Mamaloni government, the number of logging licences issued to foreign companies quadrupled (Fraser 1997). However, the increase in log production cannot entirely be a consequence of government policies alone. The trend also coincided with the opening up of customary land for timber extraction. From early 1981 timber production shifted away from concentrating on government-owned and leased land to include customary land. These demonstrate a relationship between land tenure, domestic politics and logging.

Apart from the unsustainable exploitation of timber, another concern centres on the alleged corruption of politicians, public officers and community leaders in relation to the forestry industry. In November 1995, five government ministers were alleged to have received SI\$7 million in bribery money from a logging company and this has resulted in court proceedings which are currently underway (*Solomon Star* 19 November 1995). In another case, two government ministers were charged for receiving favour from a logging company that was involved in the controversial Pavuvu logging dispute. Also in 1995, the *Solomon Star* newspaper reported that an accountancy firm had uncovered an internal report that a Malaysian company had paid SI\$17 million to government ministers and officials, naming the current Ministers for Commerce Employment and Trade, Finance and Home Affairs, as well as a former minister and former Secretary to the Foreign Investment Review Board (*Pacific Report* 8 (21) November 20 1995). Also, there is increasing concern over the distribution of logging revenues and whether it has contributed to socioeconomic development in the country. In 1994, Solomon Islands lost about SI\$34 million in tax exemptions and remissions (Duncan 1994; Central Bank of Solomon Islands 1994). These issues have brought into question the role of the state in logging.

The major concern over the forest industry in Solomon Islands centres on the government's policies and the unsustainable logging practices allegedly associated with these policies. Locally, concerns over the government's logging policies have been widely expressed in the local media (newspapers and radio) by politicians, environmentalists, landowners, and non-government organisations. Internationally, institutions such as the World Bank, the International Monetary Fund, European Union, foreign governments, non-government organisations and others have expressed concern over the unsustainable rate of logging. The Australian government, for example, has publicly criticised the present Solomon Islands government's policy on logging, and to back its criticism, in 1996 cut back aid to Solomon Islands and stopped funding the Timber Control Unit (TCU) of the Forestry Division, set up to monitor the rate of logging. The European Union also raised similar concerns in April 1996 and threatened to stop funding to Solomon Islands (*Solomon Star* 2 April 1996). However, despite the seemingly strong opposition against present logging practices, not much has changed.

The fate of the forest industry in Solomon Islands has raised important questions about government policies towards resource management and its implications on the economy. It also raises concern over the politics of logging—who makes decisions, where does logging revenue go, who owns or has share in logging companies and the relationship between landowners and logging companies. As in Papua New Guinea, there have been allegations of high-level corruption which has resulted in High Court proceedings. If such allegations are proven to be correct, then it is important to explore the relationship between the state and resource exploitation and whether it is the structure of government or a particular nature of Melanesian politics that has given rise to corruption.

However, the concern of this chapter is not merely government policies. One of the weaknesses of the current literature on logging in Solomon Islands is the fact that they fail to deal with the socio-cultural factors that influence the industry, and to a certain extent, government policies. For example, most of the current discussions fail to discuss landownership and the cultural factors that influence landownership. These are important variables in influencing decisions that affect logging policies and practices.

Most of the existing discussion on the forest industry in Solomon Islands is dedicated to either outlining the historical background of the

forest industry (Benneth 1995), or stating the likely economic consequences of mismanagement (Duncan 1994). However, only a few (Fraser 1997) have attempted to analyse the socio-political factors that affect resource mismanagement, in particular the social forces that affect the state's capacity to manage resources. In nearly all the literature, the underlying assumption is that the most important actor in both the management and exploitation of this resource is the state. Although other stakeholders such as traditional landowning groups and non-government organisations are mentioned, they are not emphasised as the most important. Subsequently, most discussions target the state and state policies as the most salient in influencing logging practices. Such an emphasis is inspired by a state-centred or statist school of thought which emphasises the role of the state as the most influential in socioeconomic transformation. However, what is limited in the current discussion of the forest industry in Solomon Islands is an attempt to come to terms with the role of other stakeholders in the management of forestry. In particular, most of these discussions fail to explain the impact of civil society which may be more prominent than that of the state. The next part of this chapter outlines the main stakeholders in the forest industry in Solomon Islands.

Stakeholders in Solomon Islands forest industry

Forest management, or mismanagement, in Solomon Islands has been influenced by the various stakeholders who have an interest in the industry. These institutions, organisations and groups work to maximise their benefit, and subsequently have a significant impact on the industry. The stakeholders identified here include the state, logging companies, landowners, non-government organisations, and foreign governments and international organisations.

This section attempts to explore the interests of these institutions, organisations and groups and the factors that influence their impact. First, I discuss how the state's role in the forest industry is influenced by social groups such as tribes, *wantok*, and regional or island groups.

The state

Most discussions of logging in Solomon Islands have focused on the role of the state. This is because of the predominant assumption that the state is the most important player. It makes and implements

policies. It follows, therefore, that in order to address forest management one should focus on the state. This focus-on-the-state approach is advocated particularly by economists, aid donors and development agencies concerned with maximising the state's economic benefit from resource development. Ron Duncan (1994) for example, has focused on the present government's unsustainable logging policies. The Australian government also addressed the issue by targeting the state and its policies.

While it is true that the state is an important stakeholder in the forest industry, in Solomon Islands it may not necessarily be the most powerful in influencing decisions about whether or not logging projects should go on. In recent years, as a result of political science and anthropological studies of the role of the state in Third World development, the validity of the argument that the state is the most prominent in influencing large-scale resource development has been questioned.

A characteristic of most scholarly discussions of the state up until the 1970s was the tendency to regard the state and civil society as separate, and in some instances, opposing entities competing with each other. In the 1980s, however, there was a shift from both the state-centred and social base emphasis, to that of analysing the state as part of society. This was influenced partly by the emergence of new states in the decolonised territories of the Third World after the Second World War. The complex characteristic and nature of these new states created a need to revise many early theories about the state. Emerging from this new scholarly discussion of state is the work of Joel Migdal which became important for analysing and understanding the relationship between state and civil society, particularly, in the developing countries. Beginning from the 1980s, discussions of the state in the Third World were dominated by what Migdal calls the 'state-in-society' analysis. This concept of interactive relationship between state and civil society has since been widely discussed in the literatures on Third World states. Migdal, for example, argues that the state must be analysed and understood in relation to society and not as an isolated entity. This is because the state is part of society and there is always an important interaction between state and civil society. The state, therefore, exists as state-in-society rather than as an entity separate from civil society. Here, the mutual interactions of state and society is placed as the focal centre of analysis (Migdal 1988). He further attests that it is possible for civil society to affect states as much

as, or possibly more than, states affect societies. He argues, therefore, that when societies affect state more, there is a situation of weak state, strong society (Migdal 1988).

Many contemporary scholars dealing with the state in Melanesia used these notions by Migdal in explaining the state's failure to manage resources and deliver administrative and development services. They view cultural fragmentation and the heterogeneous nature of society as the cause for weak state in Melanesia. Dinnen (1996) argued that the state in Papua New Guinea is unable to control crime and violence because of influence of civil society on the structures and institutions of the state. Peter Larmour (1996a and 1996b) also used the same idea in analysing the relationship between state, society and economy in the South Pacific. He developed a triangular model in which he perceives that interaction taking place. The underlying assumption in these works is that the state in Melanesian is weak because of its inability to permeate into civil society. The question then is what are these civil society factors that affect the power of the state?

Undermining state power

Solomon Islands is a country of great cultural diversity. Its islands are spread over an enormous ocean area. It has a population of about 450,000 people who speak no less than 87 different languages. There are further divisions along tribal, ethnic, and geographical lines. This century there have been further divisions along church and professional lines. This social and cultural heterogeneity affects the powers and capacity of the state. This section briefly outlines some factors that often affect state-society relations and state capacity in Solomon Islands. These include the tribe and kinship groups, *wantok*, and island groups (regionalism).

Kinship and tribal allegiance

In Solomon Islands allegiance to the tribe and kinship group is more important than allegiance to the state. Here, kinship is defined as including people of close family or relative ties while the tribe is a larger extension of the kinship group and is often referred to in Pidgin, the lingua franca, as the *line*. However, kinship and tribal allegiance is a characteristic of societies elsewhere in the world as well. Most people anywhere in the world identify with the family and immediate relatives in political, economic and social activities. It is within the family that many businesses are thought out and started. Political

alliances are based around kinship and tribal groups before extending to the wider community. In elections the foundation for political support is the kinship and tribal group. It is a universal feature of human social behaviour. So the role of kinship and tribal relations in affecting the efficiency and effectiveness of the state structure is not necessarily unique to Solomon Islands. The same can be said of countries and societies in Africa, Asia, and Latin America.

However, what is important to consider in relation to forest management in Solomon Islands, is the control that kinship and tribal groups have over land and forest resource. This is because around 87 per cent of land is customarily owned and ownership is protected by law, tribal and kinship groups who own the land also have tremendous power over the forest on it. State policies, therefore, are often undermined by landowner decisions. While the state has the authority to issue logging licences, it has no power to stop landowners from signing agreements directly with logging companies. In many cases landowning groups and individuals dealing directly with logging companies export logs independently of the state. Such land tenure system and power bestowed upon landowners (kinship and tribal groups) often incapacitate the state in its attempts to manage forests, and make it a less prominent party in logging negotiations (Fraser 1997; Benneth 1995; Corin 1992; Larmour 1979). This, coupled with the government's lack of capital and enough trained forest officers, makes the task of monitoring logging practices and the implementation of forest management policies difficult. Also, there is often insufficient consultation between landowners, the state, and logging companies which sometimes results in confrontations between the three parties. In some cases frustrated landowners have sabotaged equipment and burned logging camps. Two prominent examples are the cases of Pavuvu (Roughan 1997; Rose 1995; Tuhonuku 1995) and the North New Georgia landowners demands which eventually led to the withdrawal of Levers Pacific Timber (Fraser 1997; Tausinga 1992). As Ian Fraser (1997) pointed out, the rapid increase in log exports coincided with the shift from concentration of log production on government-owned and leased land to customary land.

In the Solomon Islands timber industry, some individuals have become rich and powerful because of their kinship and tribal connections to landowning groups engaged in logging. In the Makira Province, for example, the family of Prime Minister Mamaloni had been influential in provincial affairs and members of the family

occupied important administrative and political positions in the province for more than a decade. This made it easier for Prime Minister Solomon Mamaloni to set up his logging company, Somma Ltd, which operates in his West Makira constituency and has become influential in winning votes by promising the construction of roads, schools, clinics and other developments in the area. The Prime Minister also argues that his ownership of a logging company has nothing to do with his position. Rather, he is a member of a landowning tribe (*Solomon Star* 12 September 1996).

Wantokism, regionalism, and the state

Other factors that often affect the capacity of the state are *wantokism* and regionalism. The *wantok* is a relatively new form of social identification which emerged as a consequence of people from different language groups coming together in plantations, schools, civil service, factories and other institutions and organisations that brought together Solomon Islanders. The term *wantok* literally means 'one talk' as referring to people who speak the same language. The concept of *wantok system* or *wantokism* advocates cooperation amongst those who speak the same language. It is similar to *kerekere* in Fiji (Ravuvu 1983) and *fa'asamoa* in Samoa (Meleisea 1987).

Now the *wantok* concept has been used to identify people of the same region and island as distinct from others, even if they speak different languages. *Wantokism* can sometimes be confusing because there are no set boundaries or criteria for group identification—it changes with the context and who one identifies as being different from (Premdas 1986). Therefore, two Malaitans in a Guadalcanal village will identify with each other as *wantoks* although they may speak absolutely distinct languages. In another context Solomon Islands, Vanuatu, Papua New Guinea and Kanaky (New Caledonia) students at the University of the South Pacific in Suva, Fiji, identify with each other as *wantoks* by virtue of the fact that they all speak Pidgin and come from Melanesian countries as compared to students from Polynesia and Micronesia. However, in their home countries, at institutions such as the University of Papua New Guinea (UPNG) and the Solomon Islands College of Higher Education (SICHE), they would identify with their smaller language group as *wantoks*. What this demonstrates is that the *wantok* identity works contextually and serves different purposes in different contexts.

Wantokism could serve as an important prism through which national consciousness is developed. If used in this way, *wantok* identity could become an important basis for enhancing state power. However, at the same time such a discourse could also serve as a destabilising factor when people begin identifying themselves into smaller *wantok* groups. When that happens, the capacity of the state could be severely undermined. To illustrate this, the following paragraphs discuss how *wantokism* often affects domestic political culture in Solomon Islands.

In Solomon Islands *wantok* identifications are manifested in language groups such as Kasi, Ghema, Kula, Tio, Ngoela, Ngwaed, Waneagu, Saeagua, Porau, Forau, Gitzz, Kebo, Ko'o, Wale, and others. Such an identification creates language and regional consciousness more than national identity. In urban centres such as Honiara most people identify with their *wantok* first before other social groups such as sports, professional, and worker associations. The *wantok* identity is most important in Honiara where people from different regions who speak different languages converge. However, in a specific local area where everybody speaks the same language, it loses its significance as a basis for social identification.

Political alliances, particularly in places such as Honiara, where people from different language groups come together are based around the *wantok* identity. Also, it is the cause of nepotism in the Public Service and the basis for political support and other forms of alliances. In the East Honiara constituency, for example, it has nearly always been the case that a candidate of Kwara'ae origin (from Malaita Province) had better probability of winning general elections. This is because of the large number of Kwara'ae speakers who live in the squatter settlements in the valleys behind Honiara. The *wantok* identity is also important in influencing discussions of national development. It may also affect political alliances within Parliament, especially when it comes to supporting issues that are regionally sensitive. As will be pointed out below, *wantokism*, like regionalism, has had influence over the choice of national leaders such as the Prime Minister, the Governor General and the Speaker to the National Parliament.

Wantokism has also fuelled regional consciousness, especially in urban centres such as Honiara where many identify themselves as

belonging to either Malaita, Guadalcanal, Reef Islands and other regions. Examples of the seriousness of such identifications are manifested in regional/ethnic riots in Honiara on a couple of occasions. In 1989, for example, a row between the Malaita and Rennell and Bellona residents of Honiara ended in a riot in which Malaitans rampaged through Honiara breaking into and looting shops and demanding compensation for an incident at the Honiara central market where a Rennellese allegedly swore at Malaitans in a message written on the market wall. The national government and the Central Islands Province later intervened and paid compensation of up to SI\$200,000 and SI\$100,000 respectively to the Malaita Province. Again in 1994 Malaitans rioted throughout Honiara after the Malaita soccer team lost to the national capital side (*Solomon Star* 13 September 1989). And in another incident in early 1996, there was confrontation between Malaitans and Reef Islanders in Honiara (*Solomon Star* 26 January 1996). Also in late 1996 Malaita soccer supporters rioted through Honiara after their team again lost to a Honiara side (*Solomon Star* 25 October 1996). These often violent confrontations are manifestations of continuous strong regional and *wantok* identities despite more than 18 years of constitutional independence and nationhood.

These regional cleavages can also be found in the country's national parliament, which is supposed to be the symbol of national identity. For example, because Malaitans dominate the Public Service and other national institutions, there has been a conscious attempt by Members of Parliament from other parts of the country to ensure that Malaitans do not dominate important positions of power such as the Governor General, Speaker of Parliament and the Prime Minister. There is a conscious effort to share political power between the different regions. No Malaitan has so far been elected as Governor General despite a number of Malaita candidates being nominated for every election. Following independence in 1978, the post was held for two consecutive terms by Baddley Devesi from Guadalcanal. He was then replaced by George Lepping who comes from the Shortland Islands in the Western Province, and the present Governor General, Moses Pitakaka, is from Choiseul Province. Also, the post of Speaker to the National Parliament has never been held by a Malaitan. The first Speaker, Loyd Maepeza Gina, is from the Western Province, and his successor, Waeta Ben Tabusasi is from Guadalcanal. The present Speaker, Paul Tovua, is also from Guadalcanal. The selection for Prime

Minister has also been influenced dramatically by regional cleavages. The only Malaita man who has, in the last 19 years of independence, been able to become Prime Minister was Peter Kenilorea who led the country to independence. He was later replaced by Solomon Mamaloni from Makira who has been the country's most outstanding and influential politician. The other Prime Ministers are Ezekiel Alebua from Guadalcanal and Francis Billy Hilly from the Western Province.

Within the chamber of the National Parliament, regionalism often influences the debates and decisions on important issues. This regional division within Parliament is something most Solomon Islanders are conscious of, but only some are willing to openly admit it, and fewer would willingly be engaged in a debate about it. This is because of its sensitivity. However, every now and then it flares up on the streets of Honiara in the form of riots over a soccer match or confrontation between regional groups because of an insignificant brawl between drunken youths. These street riots are, in fact, manifestations of much more serious and deeper regional divisions within the country. An understanding of divisions between social, ethnic, regional, *wantok* and other forms of groupings is important in discussions about national development because it is influential in the process of nation-building and in affecting people's thinking about national affairs and their relations to the state. It affects the implementation of state policies and national development. In many cases, allegiance to the *wantok* group or region becomes more paramount than one's duty to the state. This can affect policies relating to forest management.

'Big-men', chiefs, and the state

'Big-men' and chiefs often have a significant impact on state power and its capacity to deliver administrative and development services. Unlike the case of Samoa where the *matai* system can be identified as the traditional leadership system, or the case of the *Ratu* system in Fiji, the monarch in Tonga, and the *Ariki* system in Cook Islands, Solomon Islands does not have a single identifiable traditional leadership system for the entire country. Instead there are a number of systems found amongst the different cultural groups. Also, unlike the Polynesia islands to the east, in Solomon Islands no one ruler was ever able to rule all the islands. There were many 'big-men' and chiefs who ruled small geographical enclaves with relatively small population. Anthropologists tend to describe the leadership systems in Solomon

Islands by placing them into two general categories: the 'big-man', and the chiefly systems (Strathern and Godelier 1991; Sahlins 1970). There is also the scholarly tendency to assume that the 'big-man' leadership system is practised amongst the majority of the Melanesian population while the chiefly system is exclusively restricted to the Polynesian outliers (Strathern and Godelier 1991; Sahlins 1970). The truth is that the specifics of the leadership pattern differed from polity to polity. For this matter, it is not possible to describe a traditional socio-political system that would be true for the whole Solomon Islands. The culturally diverse nature of the island group is such that there are varying political systems. The two main ethnic/cultural groups, Melanesian and Polynesians, have different leadership systems. Even this is a generalisation for there are differences even within the groups themselves (Benneth 1987).

However, for the purposes of this study we shall place the leadership systems into the two broad categories of 'big-man' and chiefly systems. The 'big-man' leadership system is found only amongst the Melanesian population. This, however, is not to say that all Melanesian communities practice the 'big-man' system. There are some, for example, in North Malaita, Shortland Islands and New Georgia that have a system more like the chiefly system of Polynesians (Benneth 1987). In the 'big-man' system leaders supervise their followers with strict traditional codes of behaviour which were usually handed down to young people from the elders through word-of-mouth, experiences and examples. There are no set hierarchies which distinguish commoners from nobles or kings. This, however, does not deny the existence of a leader. The 'big-man' emerges from among the people, proving to others his capabilities to lead, through his natural abilities and through his own achievements. The position of 'big-man' is not hereditary but is acquired through personal efforts. One acquires the position of 'big-man' by accumulating wealth and then distributing it to followers. Wealth is measured, not so much in what one accumulates, but rather, on what one distributes from what is accumulated. And often a 'big-man' is expected to possess other skills such as oratory, hunting and/or fishing, and possess huge amounts of information about land tenure, genealogies and other knowledge about *kastom*. He can also be a magician or sorcerer, but if he himself is not then he should have access to someone who is. The life of a 'big-man' is very demanding because he is always required to

prove himself and to keep his dignity (Strathern and Goddier 1991; Sahlins 1970). There continue to many 'big-men' in Solomon Islands.

The Polynesians of Solomon Islands generally have hierarchical leadership systems that are similar to those found in the Polynesian islands of the eastern Pacific. In the Polynesian outliers such as Rennell, Bellona, Ontong Java, Tikopia, Sikaiana, there are chiefly families who dominate the political arena. The rest of the community usually follow the decisions of the chief.

Although these traditional leadership systems are not formally integrated in the contemporary government structure in the same way as the *matai* system in Samoa or the *Ratu* in the Great Council of Chiefs in Fiji, they still have profound impact on the nature of politics. As described above, the kinds of expectations voters have on politicians today are the same types of expectations people have on a traditional 'big-man'. Most politicians in turn react to people's expectations as a 'big-man' would—distributing wealth and participating financially in nearly every community affair. The actions of politicians often confirms the voter misconception that this is the task of a politician—as a modern version of the traditional 'big-man'. It leads, as described above, to the politicians' vulnerability to bribery and other forms of corruption. Indeed most of Solomon Islands' present parliamentarians are perceived by voters as 'big-men' or chiefs, traditional leaders in a modern political system. In the chiefly societies, these chiefs have profound impact on modern politics as well. Chiefs are very powerful in influencing public opinion in their communities. They often direct who people should vote for in elections and decide for them what their opinions should be on issues of national concern. This is also similar for senior bureaucrats. However, the expectations of bureaucrats is not as enormous as of politicians who were voted into office. Bureaucrats are expected to contribute only to family affairs while politicians are often expected to contribute financially, with goods, time, and ideas to the entire constituency.

In the forest industry 'big-men' and chiefs play an important role in influencing the decisions of kinship and tribal groups (or landowners) in agreeing to logging concessions and in the distribution of the wealth accumulated from logging. 'Big-men' and chiefs nearly always are the target of logging negotiators. In most cases they make the decisions for landowning groups. In this way, they have more power in accepting or refusing logging operations than the state and state leaders.

The next section discusses other stakeholders in the forest industry. These include landowners, non-government organisations, and logging companies.

Landowners

An argument often used by those defending state policies on logging is that in reality the state has little power over forests. The most powerful group is the landowners who own the resource and decide whether to accept or refuse logging projects. An understanding of the land tenure system will enhance our understanding of the politics of forest management—the power relations between the state, landowners, logging companies and the politics of landowner groups as well.

Large-scale resource development is often made difficult by a land tenure system where about 87 per cent of the land is customary-owned, leaving only about nine per cent to government ownership and the rest by individual Solomon Islanders. Also, only two per cent of the land is leased to foreigners (Fraser 1997). This small percentage of government-owned land means that the state has limited access to land for the purposes of national development. It also means that state power over land-based development initiatives can be (and has, in the past) been seriously limited.

To appreciate why a large percentage of land is customary-owned, one needs to have an understanding of the traditional value of land to Solomon Islanders. For the Islanders, land is much more than a mere economic commodity as it is often viewed in the conventional economic sense. In fact, traditionally for most Solomon Islanders, land is not a commodity that can be bought and sold like other market commodities. Traditionally land is of great significance and indeed the most valuable resource. It is not only a source of food but it also has historical, political and religious significance. The land holds burial grounds, sacrificial sites and monuments that are important to a society's history and culture. It is not only a resource for the living, but also a vehicle for providing a link with dead ancestors. In this sense land has a religious significance which makes it the most valuable heritage of the whole community that is not often lightly parted with. It is usually owned by the tribe, or *line* and not just by an individual. Traditionally, land also has a political importance that is embedded in the role that it plays in binding together the land-owning tribe or *line*

(Zoleveke 1979). It is a source of political and economic power for those who can successfully lay claim over large areas of land. One can do so by having knowledge of oral traditions relating to landownership or successfully manipulating such oral traditions to legitimise one's claims over land. In many ways, for Solomon Islanders, land is the centre of life. Traditionally, land is owned by people and not by institutions such as governments, churches, companies or councils. People have user rights over land because of their membership of a tribe or *line*. There was no individual ownership of land and because of this, land was not a commodity that could be bought and sold like other ordinary goods (Zoleveke 1979). In short, one can say that the traditional land tenure system was based on the close relationship between land and people who, not only own the land, but also belong to it. This is similar to the land tenure systems found in other parts of Melanesia and the Pacific Islands (Ballard 1996; Ward 1996).

However, since European contact and the colonisation of the islands, land tenure systems have changed. First, was the introduction of the idea that land could be owned, sold and bought by individuals. Also, in the early days of British colonisation, the colonial administration declared a large percentage of the best and most accessible land as alienated and thus, the so-called 'waste lands' became Crown property. However, in the 1960s the colonial government introduced a 'land settlement' program which embarked on the survey and registration of customary land rights and boundaries. This program was later severely criticised, in the 1970s, as being ineffective, too centralised and individualistic. By 1984, only 13 per cent of the land area of Solomon Islands had been registered, its boundaries surveyed, and its tenure regulated by statute. The rest is owned and used according to custom or the pidgin derivative, *kastom* (Larmour 1984; Benneth 1995).

The arrangements made during the colonial era have been the cause of some present day conflicts over land. The forest industry has, in the past, been the cause of many land disputes in Solomon Islands. In many cases certain individuals within the tribe or *line* take upon themselves the initiative to make agreements with logging companies. This is usually the cause of longstanding disputes amongst landowners. Also, the traditional value attached to land and forest is rapidly disappearing and land is increasingly becoming a commodity exchanged for an economic value. This is due to people's changing

consumption patterns and the increasing importance of monetary wealth and the European material goods that money could buy.

Land disputes emanating from logging can be found throughout the country. Land cases taken to court as a result of logging are numerous. The cases of the North New Georgia and Pavuvu are the most well known. The case of Pavuvu in the Russell Islands of the Central Province is the most recent. Here, the British colonial government in 1905 leased Pavuvu Island to Levers Pacific Plantations. The original owners of the island, the Lavukal people of the Russell Islands had, for many years, demanded that the island be returned to them. However, their demands were ignored (Rose 1995). On 10 March 1995, the executive of Central Province granted Marving Brothers, a Malaysian registered logging company, a business licence that allowed the central government to issue a logging permit for Pavuvu Island. The island's forest was worth about US\$120 million (Roughan 1997). The Lavukal people, assisted by non-government organisations such as the Solomon Islands Development Trust (SIDT), Soltrust, Greenpeace and Development Services Exchange (DSE) resisted the logging of Pavuvu. Company machines were sabotaged and workers were threatened. However, the central government sent in police officers to protect the company that is currently logging on 'government land' (Roughan 1997; Tuhonuku 1995). Today, Pavuvu Island is still at the centre of intense confrontation between landowners, the central government, Central Province and Marving Brothers. In November 1995, Martin Apa, a Russell Island anti-logging campaigner was murdered. However, so far, police investigations have failed to find his killers although many suspect that the murder was connected to the Pavuvu Island logging issue.

This is only one example of disputes over land and boundaries now common throughout Solomon Islands, and particularly in areas where there are large-scale resource developments such as logging. This signifies the need to take landowners and traditional land tenure systems seriously when planning national development programs. Also, the large percentage of customary control of land has implications for the state's capacity to manage land-based resource developments. The argument in the logging industry is that the government in reality does not have control over landowners' decision to exploit the forest resource is to a certain extent true.

Two things are evident in the case of the forestry industry. First, it signifies the fact that in Solomon Islands the state is weak in

comparison to civil society (Migdal 1988). The state does not possess the kind of power and authority over society as one would find in, for example, the hierarchical chiefly system of Tonga. Second, the nature of current logging practices in Solomon Islands indicate that 'people's' control over resources does not necessarily mean that it will be well managed. In fact, the case of forestry in Solomon Islands proves the opposite.

Non-government organisations

Since the 1980s non-government organisations have played an active role in forest industry, especially in addressing environmental issues and, in recent years, in providing an alternative to round log exports. These are both local and international non-government organisations which include the Solomon Islands Development Trust (SIDT), SolTrust, Iumitugeta Holdings, Solomon Western Islands Fair Trade (SWIFT), Greenpeace, and World Wildlife Fund for Nature and numerous other smaller organisations.

The role of non-government organisations in development in general has been significant. Since the mid-1980s, that role has shifted away from being peripheral to a more central and active participation in influencing political opinions and development decisions. Prior to that non-government organisations were generally perceived as mere relief and project-oriented organisations that were supposed to be independent of politics and have no influence over policymaking (Roughan 1994). This had changed by the 1980s, and in the forest industry non-government organisations have become an important stakeholder, not only in fighting to slow down logging but also in actively working to provide resource owners with a sustainable means of harvesting timber. This changing role also coincides with an increasing number of local non-government organisations led by Solomon Islanders who believe they have a contribution to make to national affairs.

The largest of the local non-government organisations is the Solomon Islands Development Trust (SIDT) which was first set up in 1982. The underlying argument by SIDT is that development should be defined as 'empowerment' rather than the discredited notion that the North/South resource transfer was the solution' (Roughan 1994:146). In the forest industry, SIDT has played an active role in providing forest resource owners with information necessary to help them decide on the best ways to exploit their forest for maximum

benefit in a sustainable way with limited damage to the environment. It organises workshops and other educational programs in villages throughout the country and a comic strip newsletter, called *Link*, which targets the majority population who cannot read conventional newspapers because of limited education. The organisation also has Village Mobile Teams whose dramas address logging and other village issues. SIDT has also been active in campaigning to reduce the rate of logging. In the Pavuvu case, SIDT was one of the non-government organisations helping landowners confront the state (Roughan 1997).

Another non-government organisation active in the forest industry is SolTrust. This organisation is more concerned with reducing the rate of log exports and encouraging local processing of timber. It provides forest resource owners with training in 'sustainable logging practices' such as the use of portable saw mills. The organisation specialises in producing, maintaining and training forest owners to use portable (*wokabaot*) sawmills and buys processed timber from landowners before exporting to the international market. The economic arm of SolTrust is Iumitugeta Holdings which focuses on finding overseas markets for the processed timber. Both organisations emerged from the Foundation of the Peoples of the South Pacific (FSP), an American-based non-government organisation. Many Solomon Islander forest owners are now aware of SolTrust and have made use of its services.

Churches have also become increasingly involved in the politics of the forest industry in Solomon Islands. In 1994, the United Church started a timber harvesting project known as Solomon Western Islands Fair Trade (SWIFT). The objective of this project is to organise an alternative for signing agreements with logging companies. It involves the development of forest management plans for village communities. These management plans aim at providing small-scale and sustainable harvesting of timber resources, thus providing village communities with an alternative to large-scale logging. SWIFT also encourages landowners to take responsibility for the management of their forest resource. The aims of SWIFT are: 'to enable (empower) people economically (financially) to say 'no' to offers from logging companies; to promote sustainable timber production for community needs and to facilitate earning a good cash income by selling these sawn timbers to local and export markets' (*SWIFT Newsletter* June 1996, No.1). The involvement of the United Church in this project demonstrates the overall importance of churches as stakeholders in the development process in Solomon Islands.

Currently, the influence of non-government organisations in the timber industry is significant although it may not be as intensive and extensive as John Roughan would lead us to believe (Roughan 1994; 1997). However, these organisations will definitely provide an influential force in forest management in the not so distant future. The state must deal with non-government organisations in making policies on the forest industry.

Corporate powers

Corporate powers are perhaps the most powerful stakeholder in the forest industry in Solomon Islands. They control the capital needed to develop forest resources and have the ability to influence state decisions and landowners. Their influence in Solomon Islands has already been well documented and allegations of bribery and corruption of public officers (including politicians) are numerous.

Although multinationals are not the focus of this study, it is nearly impossible to discuss forest management without mentioning corporate powers. This is because in Solomon Islands logging companies have influenced landowner politics, domestic political culture, the economy and wide-ranging aspects of society.

Peter Dauvergne (forthcoming) discusses specifically how Malaysian and Korean investors, backed by Japanese and Korean buyers have dominated Solomon Islands forest industry in the last five years and the nature and consequences of their involvement in forest management. Dauvergne asserts that corporate interests have 'bribed and pressured political leaders and forest management officials' (Dauvergne forthcoming:5) and have ignored forest regulations. This problem has often been exacerbated by the fact that timber management rules in Solomon Islands often have clear structural defects, and because of insufficient finance, and the lack of technical and human resources to monitor logging operations, state forest policies, especially environmental rules cannot be properly implemented and many multinationals in the industry, therefore, get away with breaking the regulations. Furthermore, there is evidence that the Solomon Islands Division of Inland Revenue has little power to prevent or counteract corporate schemes to evade taxes (Price Waterhouse 1995:39-40; Duncan 1994).

Allegations of corporate involvement in bribing politicians and public officers are also widespread. Examples include allegations that Marving Brothers logging company bribed five government ministers

of the former National Coalition Party (NCP) led by Francis Billy Hilly. These ministers then left the government causing its collapse in 1994 and joined Solomon Mamaloni's Solomon Islands National Unity and Reconciliation Party (SINURP). This was because of the NCP government's policy to reduce log exports (*Solomon Star* 19 November 1995). In another incident, two government ministers were allegedly paid about SI\$7 million in order to approve Marving Brother's Pavuvu project (*Pacific Report* 8 (21) 20 November 1995). The Ombudsman's report also cited various cases of bribery by logging companies.

Such practices affect the management of the forest industry and in particular the capacity of the state to implement policies. There are also other factors that affect forest management. Perceptions of development can influence state policies and how people react to those policies. The following section discusses perception of development and explores the relationship between development and the concept of *kastom*. This section attempts to discuss the forces that influence Solomon Islanders' perceptions of development and how that in turn affects how they relate to large-scale resource development such as that involved in the forest industry.

Culture, tradition, *kastom*, and development

The impact of perceptions about development on forest management is also important. These perceptions of development drive people to agree to logging concessions. Landowners and the state are engaged in logging in a hope that it will bring 'development'.

Until very recently, development was viewed as the domain of economists. In discussions of development, culture and tradition are either regarded as secondary or insignificant. However, this is changing. Many development agencies now realise and acknowledge the salience of cultural traditions in influencing the process of development.

Here, culture is defined in a very general way as the body of shared understandings which governs how members interact with each other. It includes the rules, norms or customs that regulate society. Also, culture involves how these shared understandings are produced and sustained through time. Tradition, on the other hand, is used here to refer to a model of a past way of life (Hooper 1993). However, it does not imply something which has existed unchanged since contact with the outside world even though it is sometimes

represented (particularly in statements of the *kastom* kind) as being eternal. Rather, the term is used here to refer to the set of social behaviour and 'ways of doing things' that have emerged and continue to have connection to the past (Hooper 1993). Cultural traditions in Solomon Islands, as elsewhere, have changed because of contact with forces such as colonialism, Christianity, globalisation and other forms of outside contact.

In Solomon Islands the idea of culture and tradition is described and conceptualised in *kastom*, a Pidgin term derived from its near English equivalent of 'custom'. For most Solomon islanders, national life can be dichotomised into two general categories: the '*kastom* way' defined by culture and tradition; and, the 'whiteman way' represented by European ideas, material goods and institutions. The concept of *kastom* often involves an attempt to preserve cultural traditions by reviving and re-enacting what are regarded as past ways of life. For most, the term *kastom* denotes the past as defined by the period of pre-European contact. Also, *kastom* as distinguished from the 'whiteman way' implies the existence of an uniquely authentic Solomon Islands 'way'. Consequently, social movements that encourage the revival of past ways of life are regarded as *kastom* movements. The Moro movement of Guadalcanal, for example, which encourages the notion of 'back to *kastom*' (O'Connor 1973) is identified as a *kastom* movement although it emerged as a reaction against colonial subjugation. In contemporary politics, this idea of *kastom* has become useful in forging a sense of identity necessary in creating nationalistic consciousness at the time of decolonisation. On the other hand, it could also be a disintegrative factor because of the existence of diverse *kastoms* throughout Solomon Islands.

Kastom is also distinguished from 'modernity', defined by the dominance of European ideas, institutions and material goods. Institutions such as the state, churches (Christianity), schools, unions, professional and sports clubs are categorised as belonging to the modern 'whiteman way' of life. State structures and institutions represent the modern system of government which is different from the 'big-man' or chiefly systems of *kastom*. Christian churches pray to the modern God and condemn ancestral worship as pagan and satanic. Schools teach people the 'modern' knowledge and how to use new technologies.

Because *kastom* is an important aspect of everyday life for Solomon Islanders, it must be considered seriously when making national

policies. National policymakers and implementors often have to take into consideration the sensitivity of each community's cultural traditions. In the tourism industry, for example, brochures often warn potential visitors about the kind of dressing that is regarded as 'culturally insensitive' and where they can or cannot be worn. Planners of the tourism industry are often conscious of how the industry could affect *kastom*. That consciousness has had an impact on the development of tourism in Solomon Islands. Many Solomon Islanders understand that *kastom* and development are interrelated, and should not necessarily be dichotomised as opposing forces. Rather, they could be integrated as they have been in many cases already. However, to have a better understanding of the interaction between *kastom* and development, we should first discuss the factors that influenced and dominated development thinking in Solomon Islands.

The dichotomisation between cultural tradition (represented by *kastom*) and 'modernity' emerged as a consequence of the influence of neoclassical economics which had significant impact on both colonial as well as post-independence development policies. The concept of development became important in Solomon Islands in the period after the Second World War. As a result, since the 1950s, Solomon Islanders have not only demanded independence but also attempted to improve their social, economic and political well being. From early proto-nationalist movements such as the Ma'asina Ruru Movement to the modern parliament, Solomon Islanders have voiced their desire to 'develop'. This is partly a consequence of a worldwide trend in the quest for development as well as a result of rapidly changing values and needs in Solomon Islands societies.

However, what has not often been clear are answers to questions such as: what is the goal of development, and what are the processes and means of getting there. From the past 18 years since independence it has become obvious that the values and needs attached to development have been greatly influenced by a predominantly Western pattern of thought which has influenced Solomon Islanders' way of thinking and defined for them the goal of development, and the processes of achieving it. Consequently, since gaining constitutional independence, Solomon Islands, like many of its Pacific Islands neighbours, strived to emulate the example of its former colonial power in the quest to develop. The events of the past 18 years have indicated that for many Solomon Islanders, development is

mainly an attempt to imitate and become more like industrialised Western nations.

This is despite the fact that at the time of decolonisation many emerging national leaders had said that they intended to develop their 'own way'. A leading Solomon Islander writer, diplomat and public servant, the late Francis Bugotu, for example, writing about decolonisation in 1975 stated that 'the task is to find a design for a future which serves our interests, and need not necessarily be patterned on western lines, nor serve western strategic, economic or political aims' (Bugotu 1975:77).

Subsequently, it was assumed that the answer for development lies primarily in economic growth and stable public policy. Therefore, discussions of development in the Pacific Islands since the 1960s have focused almost exclusively on economic growth and public policy stability. This economic emphasis on discussions of development was influenced by the trend of thinking at the time and the growing importance of ideas and development models such as modernisation informed and influenced by the classical economic theory prominent in the industrialised west at that period.

The state's engagement in increasing log exports in the last couple of years is because of its desire to achieve economic development. Forest management, therefore, is a question of finding a way to use forest resources to achieve economic growth while simultaneously sustaining the resource for future use.

Conclusions

Solomon Islands' increasing economic dependence on forestry means that a better way of management must be found. This can only be done by understanding the factors that influence the current management of the industry. Forestry is an important economic, environmental and cultural resource for Solomon Islanders and its mismanagement will have both immediate and long lasting impact on society and development trends.

The exploitation and management of these resources has often been dominated by a continuous interaction between the state, civil society, and other international variables such as multi national companies, and international trade. The state is not the only, or necessarily the main, player in this game.

Notes

1. Peter Dauvergne (1994) outlines some of the main explanations of deforestation. He identified four main explanations: tropical government, environmental, developmental, and public policy. This classification of explanations of deforestation will be discussed further later in this paper.
2. Most Pacific island countries depend on the extraction of limited natural resources for economic development. However, only Papua New Guinea, Solomon Islands, and to a lesser extent Vanuatu and Fiji, are dependent on the forestry industry.
3. For a summary of the history of commercial logging in Solomon Islands, see Ian Fraser 1997, Judith Benneth 1995.
4. The Solomon Islands Forest Industries Association (SIFIA) is the organisation representing the majority of foreign and local forest industrial companies. It was originally formed in the middle of the 1980s.

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7

Mining and maladministration in Papua New Guinea

John Burton

The balance sheets of the large mines in Papua New Guinea all show substantial returns for the national, provincial and local-level economies. At all the projects, highly visible advances in community development may now be seen close to the mining lease areas. Inspection further afield, however, shows that anticipated improvements in state-provided services and infrastructure have not materialised. A decade of production at the Ok Tedi mine enabled the Western province to take second place among the country's provinces on revenues from all sources in 1992, at about K24 million. However, more than a short distance from the project facilities (Star Mountains, Tabubil, the corridor of the Kiunga Highway, and the copper-loading port of Kiunga) improvements to roads, schools, health services and services to primary industry are not detectable. The chief provider of health services and primary and vocational education remains the two main Church missions with agency functions. The national government posts along the Papua New Guinea–Indonesian border have been abandoned and the third tier of government, the Local Councils, rendered inoperative by constant funding delays. At its low point in 1992, there was no production at all in the North Fly rubber industry—the longstanding candidate for bringing development to rural areas—due to lack of grower interest, low commodity prices, and ineffective extension work.

The chapter examines the mechanisms through which the windfall revenues from mining have been diverted to suit local interests other than those conventionally defined by development workers and, indeed, by Papua New Guinea's national goals. The 'culture of government' is examined, with special emphasis on notable—but not necessarily well-understood—pathologies of provincial administration.

Mining as an instrument of development policy

A special dilemma for the developing countries with an endowment of natural resources like timber and minerals, but with little in the way of domestic industry with which to process them, lies at the heart of mining policy. Should they persist with low-growth, smallholder-based agricultural economies and retain the resources for future generations? Should they adopt an expansionist strategy of exporting unprocessed resources, using the income to finance national social and economic programs?

In the case of the Pacific nations, the decades-old search for reliable sources of income to reduce dependency on aid from richer neighbours has added a considerable amount of tension to the equation. The choice has existed at least since the days of Hubert Murray in Papua, and the more aggressive economic policies of New Guinea, to protect the village economy, but to be resigned to the political dependency that comes with it, or to seek growth as a means of finding financial and political independence, yet risking an alternate dependency on foreign venture capital.

In post-independence Papua New Guinea, all governments have held to growth as the path to the future, but have varied considerably in their defence against 'alternate dependency', ranging from the investment-smothering caution of NIDA¹ to almost complete abandon, as in the case of the essentially uncontrolled timber industry. The softer proponents point out that there is little scope for choice, given Papua New Guinea's long-term commitment to its social, educational and economic programs. These programs have consistently met with consensus on all sides of politics.

In the case of mining and petroleum, all postcolonial governments have encouraged explorers to find and develop new prospects. Their encouragement arises from the plain proposition that all income is good, and more of it is better than less, and from the linked

proposition that the government's role in development—through its social, educational and economic programs—really can be carried out better when it has more funds to expend. Packaged with industry-specific regulation, these essentially comprise 'mining policy'.

Some opportunities have already arisen to test these propositions. In Bougainville, an active provincial government and a flourishing business sector (at least, compared to what I shall show below) appeared to validate the role of mining in sub-regional development. This all ended in tears, as we know, for reasons connected with the 'alternate dependency' I mentioned above—such things as political self-determination, Bougainville's share of the income, and the manner of its internal distribution. Notably, though, mining itself emerged only slightly battered by the Bougainville crisis, and remains essentially intact as the income-generating part of the development package drawn up for the Papua New Guinea as a whole in the 1990s.

Since the closure of Bougainville, two other large projects have started up in Papua New Guinea, Porgera (gold) and Kutubu (oil), with up to around twenty other prospects drilling, confident of development, or already in smaller-scale production, like Misima and Hides (gas). None of these, however, is sufficiently far advanced into the project life to present itself as a definitive new test case of the most basic assumptions upon which mining policy is based. At the macro-level, despite the new gold and oil revenues, the Wingti government was forced early in 1994 to bring down a mini-budget and to allow a virtual garnishee of its income from Porgera to service debt repayments. At the time, blame was laid on low oil prices, low coffee prices (until mid-1994), and the continuing revenue shortfall from Bougainville. In mid-year, all departmental expenditures were ordered to be slashed and newspapers carried daily reports of unpaid public servants, unpaid police reservists, and so on. By early October, Central Bank reserves were almost exhausted, support for the kina was withdrawn and its value fell 25 per cent in a single week.

Apologists might explain this as a temporary run of economic bad luck. Critics are harsher. They ask how it is that the government's cash crisis is equal to the worst in its history, yet it has 'never had it so good' in terms of mining and petroleum income. They remember that only two years ago timber revenue forecasts were so high as to leave analysts wondering how the huge income could be spent. The chapters by May and Kavanamur offer analysis at the macro level.

Nevertheless, I believe that there are genuine limits set on the knowability of the Papua New Guinea economy at this level of analysis. This is because there is not a sufficient fit between it and a conventionally defined 'economy' for basic assumptions about its behaviour to hold true. For example, when an economy is said to have formal and informal sectors, it is generally reasonable to assume that a clear separation can be made. For the analyst, this allows for commodities exchangeable only for money to be confined more or less to the formal sector, while other commodities—like home egg production, voluntary work for neighbourhood groups and family duties—can be quarantined off in the informal sector. Obviously, if the informal sector grows into a sizable 'black economy' this can threaten the integrity of the formal sector, but legislative restrictions are usually judged a sufficient means of control.

In Papua New Guinea, writers who deal with the economy—that is constitutional lawyers, public administration specialists, historians, geographers, anthropologists, journalists and others as well as economists—always emphasize the size and importance of the informal sector. They have to. Papua New Guinea is foremost a subsistence-based economy and traditional social formations are widely retained, even within urban communities. Culture is frequently mentioned in this context, and some may be said to have taken a particular interest in the 'culture' of the informal economy grasped as a whole (Gregory 1982). Others would like to, but point to a 'dearth' of empirical studies of the political economy (Ghai and Regan 1992:72). As few writers have been able to handle the subject-matter in an informative and cool-headed way, it may be that gossip and innuendo are destined to remain the only sources of information on how entrenched 'informal economy culture' has become in the formal economy. This is regrettable because, on the political side of things, it divorces important national debates from actuality and because, on the economic side, 'informal economy culture' can cause what is taken for the formal economy to behave in a pathological way. Ghai and Regan note that the first report of the Hesingut Committee of 1990/91, in its review of provincial governments,

... [failed] to establish criteria upon which the performance of provincial governments might be evaluated in a rational way... There is no evidence of any effort to examine the provinces' budgets, grants from the national government, taxation, fiscal management, works

programs, effectiveness in provision of health, education, other services, public service structures, and so on.

Instead, the report appears to place total reliance on views expressed at the 23 public meetings it held [in four provinces]. No serious attempt was made to evaluate performance (Ghai and Regan 1992:350).

It is not true that the means to do this do not exist. Axline's early work on provincial governments provides a good starting point (Axline 1986; Appendix). However, the public difficulty of advancing debate beyond the level of emotive reaction is a major problem. People generally have an interest in the affairs of their own provinces, but few have a necessary grasp of the sequences of events, sectional interests and key issues in the affairs of other provinces, nor desire to. The more recent Micah proposals (Axline 1993) are much more detailed than anything seen before, but they are also bound to remain in step with political reforms not directly relevant to the general issue of evaluating how provincial governments actually work (that is, in relation to threats of secession from the island provinces).

In summary, it is my claim that high level attempts to understand development and economic performance in Papua New Guinea founder on ill-fitting lower level assumptions and simply on a lack of information on what is happening in provinces. What follows here is a micro-analysis of development in *one* province, with a special focus on its usage of mining income.

The case of Western Province: getting ...and spending?

- On 10 October 1991, under the headline 'Islanders rampage through Daru', the *Times of Papua New Guinea* ran an item about the non-release of K8.1 million in grants to villages in mine-affected areas of the Western Province. Getting no satisfaction from the public servants, the crowd 'then became angry and threw rocks at the provincial government building and the Finance and Planning office causing widespread damage.'
- In 1992, the Daru-based provincial rubber coordinator reported that: 'It is well noted that 1991 was once again an unsuccessful year for [the] rubber industry in the province... Problems contributing to very poor output were lack of financial back up to rubber extension programs, lack of

project reviews and poor reporting systems, isolation of smallholders and of course the low farm-gate prices' (Kalama 1992:9).

- On 7 September 1994, an NBC radio news item concerned the recent donation of K5,000 by a Daru business to the Daru hospital appeal fund, for the purchase of urgently needed drugs. Listeners were reminded that the fund had been launched the previous year, when hospital services had reached the point of collapse.

From repeated reports of this nature, it would seem a reasonable conclusion that Western Province was a bankrupt and forgotten province with no resources of its own, no bargaining power to obtain an adequate budget and no political clout to 'move and shake' in national circles. The items are by no means misleading. The visitor to Western Province, and to Daru in particular, comes away with a profound sense of despair at the decay and hopelessness of the place. Jackson, author of the pre-mine National Planning Office-sponsored *Kiunga development study* (Jackson 1977) and lead author of the first Ok Tedi socioeconomic impact study (Jackson, Emerson and Welsch 1980) recently noted

Daru town is very little different in physical appearance today than what it was ten years ago. There are no material signs of any great expansion resulting from increased administrative funding (Jackson 1993:60).

How can this be? Has this mining province had an unfairly low share of mining revenues. Has central government taken more than its due?

In short, no. Figures given by Jackson show that financial support from the national government to the Fly River Provincial Government rose from 2.9 per cent of the income for all provinces in 1984 to 7.7 per cent in 1991, to give the Provincial Government the highest per capita funding of any province in Papua New Guinea. This rise is a direct consequence of the extra revenues generated by mining in Western Province, generally termed 'windfall income' (Jackson 1993:59).

Fly River Provincial Government finances re-examined

My figures differ slightly from Jackson's but convincingly confirm the trend he has picked out (Table 7.1). By 1992, only Enga, a far more populous mining province, edged out Western for the top spot in the

provincial rankings of *overall* funding (Enga's figure for 1992 was K24,711,200). The giant Morobe Province, usually holding the top ranking on other measures, received a few hundred thousand kina less (K23,530,700 in 1992).

The story of how this high level of funding came about is not a simple one. Royalties make up only a part of the extra money: about K3.4 million in 1992. The main point of note is the extraordinary proliferation of 'special' income sources. Political crisis has befallen the province in the form of two suspensions (1982–1987 and since 1992) and a renegotiation of royalty arrangements (January 1991). At each point, the national cabinet has approved a new budget line, invariably described as top-up funds for this underdeveloped area. In reality, it has been fear of provincial government interference in a venture earning hard currency for the national government that has led to these gestures of apparent altruism.

The result is an unusual number of these special lines. Under the Kiunga–Lake Murray Agreement, K1 million was given as an annual grant to North Fly from the mid-1980s until 1991 or 1992, originally to compensate for the suspension of provincial rule in North Fly. This is called the KLM Agreement grant. A Special Support Grant (SSG) has been available to the mining and oil/gas provinces since 1990. In Western's case, the SSG began at K3.1 million and has since risen to K5.3 million a year, outstripping royalties as a source of income. I should add that, being based on the same measure of exports as the royalties but set at one fifth less (1 per cent of f.o.b. vs. 1.25 per cent of

Table 7.1 Western Province external funding, 1984–92 (kina)

	1984 (1984 prices)	1984 (1991 prices)	1992 (1991 prices)
Western Province	8,266,904	11,821,673	23,948,200
Other provinces (excl. NSP, NCD)	190,186,170	271,966,223	312,865,500
Western Province, per capita	96	137	208
Other provinces, per capita	64	92	90

Note: Western Province comprises the Department of Western and Fly River Provincial governments.

Sources: 1984: Axline 1986; 1984 adjusted to 1991 prices: Papua New Guinea 1991; 1992: Papua New Guinea 1991a.

f.o.b.), it is puzzling that the SSG should yield almost K2 million more than do royalties.

Border Development grants have been intermittently available over the years, but have not been paid recently. Timber royalties have climbed from a low level to about K360,000 a year.

The addition of new grants—often made public at a cheque presentation² or other well-advertised ceremonies to announce the signing of this or that new agreement—has never been matched by a compensatory restructuring of the province's existing accounts. The result is an undesirable bulkheading effect in the provincial budget, because the lines known to have been added at the public ceremonies are hostages to the demands of the public that they be handed over in total for village-level projects. This public pressure is not resistable when the natural tendency of provincial members is to rubbish the public servants charged with running the province, to ignore and discourage any work in the area of policy formulation and planning, and to place no value on orderly administration in the conventional sense. The result is that funds for running provincial divisions and maintaining their programs of extension are constantly beggared, while the coffers of 'project' lines are constantly and profligately swelled.

The manner in which the SSG is spent is notorious. In 1990, the first SSG cheque was used corruptly.³ In 1991, in South Fly K1.1 million was handed out in K1000–K5000 cheques to a prepared list of village groups at a single meeting. In the 1992 Budget, this is documented in the form of 'small-scale livestock' projects, divided into 'poultry', 'piggery', 'crocodiles' and so on, but in no year have progress reports for these projects been made and the acquittals that evidently satisfy the Provincial Budgets section in Port Moresby simply state the proportion of the funds so far expended—not what has been built or achieved. In 1993, after the suspension of the Provincial Government, the Administrator simply followed precedent and gave away the SSG again.

Lest it be thought that this is a valid way to spend the SSG, it is worth recalling that this is a special grant for *infrastructure*. The cost of not spending it as intended is borne by everyone else in Papua New Guinea. The 1991 Memorandum of Agreement concerning the revised split of royalties between the mining lease landowners and the provincial government contained, following the pattern I have outlined, *another* Infrastructure Grant of K1 million for the province.

This is of course an addition to the SSG money which the cabinet *also* earmarked for roads, bridges and similar infrastructure.

The sting is that the Infrastructure Grant was intended as a one-off payment to put against the sealing of Kiunga's and Daru's roads but both the revised 1993 provincial budget and the 1994 Budget Estimates reveal that the grant has been paid at least twice. The reason I was given was that the first million was not enough to seal the roads in both towns, so a million was allocated again the next year. It was also believed that, as the KLM Agreement expired and was replaced by the Memorandum of Agreement in 1991, the KLM grant would be discontinued. Not so. Not only are KLM funds built into the 1993 provincial budget, there was also provision for recovering back-payments. (I cannot be sure whether the total amount involved, over K4 million, was received in the end.)

In a conventional planning process, with rare exceptions, costings are made with an eye to the income stream as a whole, not to particular lumps of income. Thus an *overall* amount of money should be set aside for roads and a coordinated program of construction set in train. What we in fact see is that the province takes a helping from the national pot, actively diverts the money away from the nominated task, then goes back to the pot for more rather than seeing why the task has not been done.

This can be viewed as incompetency pure and simple, but personally I see traditional economic principles at play here. Melanesian systems of exchange vary enormously in the detail, but a fairly constant feature is that debts accumulate separately and must be repaid in the same context as they were incurred. Thus if a man owes K100 to a person who helped him with his brideprice, any casual gifts of money by the debtor to the helper—on payday for example—rarely count towards extinguishing the debt. The K100 is a brideprice debt and must be repaid in one lump in an equivalent social context, and strictly at another brideprice. The same applies to funeral payments, pig exchanges and so on. We can say the debt can be repaid neither in kind nor in installments because it is a 'designated' debt.

It is quite useful to use the concept of 'designation' to view the addition of special project money by central government to the Fly River provincial budget. From the moment a new grant is announced at a public ceremony, a designation is created in the eyes of the voters who identify this as 'their road' or 'their chicken project money' or whatever. General public service spending, such as new vehicles or

outboard motors for agricultural extension officers, or even sufficient funds to pay telephone bills and maintain offices, is not seen as touching this. In fact, it is quite likely that villagers will complain of the self-interestedness of these public officials who will now be accused of driving around in 'flashy cars' and 'not working properly'. All things considered, the designation of ever more money in 'special grants' is the poisoned chalice of provincial financing.

Spending patterns in detail

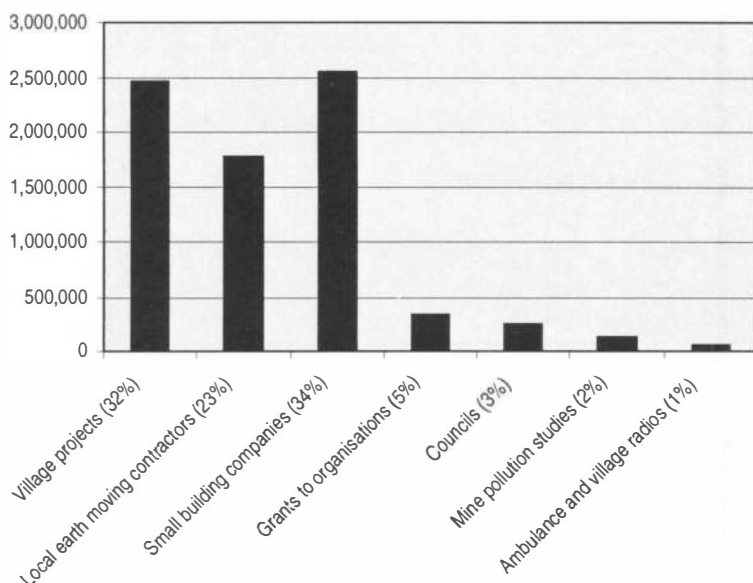
Any resident of Western Province, and any Papua New Guinean from a less well-off province ought to be interested in learning just how the windfall revenue from the mine is actually spent in Western. An analysis of the 1992 provincial budget showed that about K7.6m was available for capital expenditure and development grants (Figure 7.1).

Spending on village level projects

It is an article of faith in reputable development philosophies that project funds are most effectively spent at village level. Certainly, aid donors like to see their dollars turned into seeds, vaccine shots and clean water supplies that 'small' people can benefit from. Against the media representation of the village sector as essentially powerless, in Western Province villagers have been very successful in garnering resources to themselves. They are far from disempowered. I found much of the money dispensed in the form of small grants to village business, women's and youth groups with—at best—uneven supervision from extension workers. At worst, there was no supervision at all.

Concrete examples of inappropriate village-level spending came in the form of livestock projects where repeated grants of K1,000 to K2,000 were obtained to buy consumable items, such as stockfeed, which were treated as direct forms of assistance. Such grants were not treated as loans and reimbursed out of sales. At one chicken project funded in this way in the Kiunga District, it was possible to calculate that the birds received a K5.00 a head subsidy—more than the retail price of a store-bought chicken. K2,000 was allocated for a village footbridge—but no bridge was built. K3,000 was given to a local cane furniture factory—but production is desultory, because no marketing has been identified. In Middle Fly, an apparently successful crocodile farmer received K5,000 to improve his crocodile pens. I found the only

Figure 7.1 Capital expenditure and development grants, 1992 budget (kina)



Note: Total on projects: K7,573,465. This could be further broken down into three approximately equal parts for village level grants, road and airstrip works, and other building construction.

evidence of this investment was a pile of iron roofing sheets stacked under his house and a single 50m roll of fencing wire. In truth he needed neither for his farm to be viable.

The sums of money in question were not large by the standards of conventional rural credit schemes, but they were large in relation to the sums available to district-based extension workers and, because of this, they caused significant distortions in the hierarchy of administration in the province. A very sore point was the non-payment of the grants to councils, the official and elected third tier of government, in 1992. For want of their K25,000 a year operating budgets, all six North Fly councils closed down for most of the year while at the same time unelected constituency committees (with the exception of the provincial members whose allocations of money were dispensed) sat to divide up K40,000 electorate development funds.

Shortly after this, the Fly River Provincial Government was suspended, but I do not believe council grants were paid at all. In 1994, they were being paid again, but extension officers fared no better than previously.

Spending on small contractor construction

A wide range of secondary roads was approved for funding in the 1992 Budget, mainly in North Fly. If completed, they would provide the area with an ambitious network of roads linking almost all but solitary villages with the Tabubil–Kiunga Highway. This is the sector dominated by small, village-based contractors.

Unfortunately, the success of the construction program is extremely patchy. The small contractors are not well organised and, realistically, cannot be left to work unsupervised. The Ningerum councillors observed in the minutes of one meeting, ‘the contract operators ... sometimes don’t attend work and claim money only’. In one case seen in 1992, the contractor re-gravelled an already gravelled section, put in spade-dug side drains, but did not gravel or build up causeways across the swampy sections of a road or build durable culverts. The result is K30,000 spent on a road that is in much the same state it was before.⁴

An amazing case concerns the ‘second airport’ at the village of Bosset in Middle Fly. Here a construction ‘company’—in reality a village business group whose capital assets amount only to the manual typewriter used to type up project bids—was successful in winning contracts totalling K130,000 to build a new airstrip some distance away from the main village, and an access road to it. Reasons for needing the new strip are vague but centre on a businessman who reportedly promised to service the village with a higher performance aircraft were a longer strip constructed. (A reason given to me in all seriousness at Bosset was that dogs wander onto the existing strip.) It is true that, following the departure of Talair, regional air services are in a state of flux, but I can say that the one current operator flying to strips in the Bosset–Lake Murray area, Southwest, is unlikely to have to fight off much competition in the near future. A potential rival, Sunwest, services the *whole* of South Fly with one aircraft. The distances involved, low numbers of passengers and small amount of freight (heavy freight travels by river) will never change the basic equations here.

Were it possible to inspect the accounts of the Bosset construction group, they would no doubt reveal the disbursement of the contract payments in the form of K60/fortnight wages to labourers and the retention of the rest in the form of 'management fees'. The business group's office bearers includes former employees of the Department of Works—of which body a standard criticism is that 25 per cent of any contract price is charged in management fees, a high margin considering salary costs are already met from the public purse. (At Bosset, I should mention that the 'management fees' were for nothing, since nothing was designed or built. There is no second airstrip.)

The designs for the winning of contracts for government housing and other small buildings are so standard, that there seemed little scope for the small contractors to fleece the public purse. This is wrong. A very basic house I examined at Kaviananga in April 1994, built for the headmaster of a school, appeared from the provincial budget to have cost about K28,000. As I found again and again in all parts of Western Province, it was not finished, the plumbing from the water tank to taps and a shower not having been connected. In August, I met a rival contractor further down the Fly River who told me the builder had really received money from two years of budget for the same building, a total of K40,000. This puts a new light on the matter. I should say that teachers (and nurses, notably) are posted out of their home areas and tend to be highly reliant on the goodwill of village parent and teacher associations for garden land and housing when no permanent house is available. This school had nine teachers in all; the other eight lived in bush materials houses. Rationally, for the money spent, improvements could have been made to all the houses bit by bit, so that all the teachers received some benefit. Of course this assumes that the spending on small construction is for the benefit of those provided for, rather than for the provider. Time and again this has proved completely wrong.

Spending on large contractor construction

Among several large construction projects mooted in the province in recent years, a road from Ok Menga around the Hindenburg Range to Olsobip was the most grand. An engineering firm was commissioned to write a feasibility study for the Ok Menga road and a provisional costing of K14.4 million was given. It is possible that this could be

trimmed somewhat, but it is unlikely that a major reduction could be achieved, given that the road must find a way to cross extremely rugged terrain. Planners must decide whether the investment could be justified in terms of both the number of people that the road could service and the cost of maintenance in future years. It may be that, as most of the inexpensive roads have already been built in Papua New Guinea, the only ones left are expensive ones, and it is simply a matter of equity to build them, however much the cost. But, in practice, the funds are not available for this road under present arrangements.⁵

All the same, about K100,000 became available in 1991 from the 'Transport Sectoral Fund' for work on a pilot track for the 'Ok Menga-Olsobip road', and work began. A visit to the site in 1992 showed that the track had penetrated approximately 1.5 kilometres towards old Migalsimbip up extremely steep gradients, which are only the foothills of the Hindenburg Range, beyond which Olsobip lies. It was passable by four-wheel-drive only as far as the 1 kilometre mark. No further funds have been allocated since.

What has been achieved? First, it is misleading to say that 1.5 kilometres of the 'Olsobip' road has been built, because the track starts off westwards in a detour to old Migalsimbip where the planned route headed eastwards. And as none of the possible routes has been surveyed, as recommended by the engineering consultants, the only valid comment is that heading blind into the bush risks meeting against impassable obstacles or creating impossibly steep grades. Thus not much has been achieved so far, beyond letting a contract to a road contractor.

On a more encouraging note, one feeder road being built north from the Kiunga highway had been constructed, by 1992, to a high standard and will eventually link up with a cluster of quite populous, but disadvantaged villages around a mission centre at a place called Haewenai. It is clearly an intractable problem that well-finished roads like this one cost considerable sums of money out of a budget of finite size and the norm is for many roads to be half-built all over the area. The obvious solution would be to prioritise road projects carefully according to some long-term and stable plan. Of course, no such plan exists and the majority of construction allocations are made on a political whim. By 1994, further money had not been forthcoming for the Haewenai road and a major culvert had washed out, making it impassable after only a few kilometres.

Social development: health

Various government agencies appear to lurch from one crisis to another in Western Province. This is excusable when there are genuinely no funds. It is not acceptable without a very convincing explanation when a province is doing much better than the average in financial terms. The health sector is perhaps the saddest case of this. The impact on the people is masked by the fact that a large part of the province's health service is operated by agencies who administer and spend much of the province's rural health budget: notably the Montfort Catholic Mission, based at Kiunga, and the Evangelical Church of Papua, based at Balimo. Both of these run networks of aid posts and Health Sub-Centres throughout the area I investigated. The remaining agency of note is Ok Tedi Mining, which operates the Tabubil Health Centre and aid posts linked to it. Ok Tedi's health services are not widely spread, like those of the two churches, but they are well resourced and can provide a high level of care to those in their catchment.

Having said this, on my first visits to remote border villages in Ningerum Census Division in 1991, I came away quite shaken by the evident deterioration of health once the main roads and tracks were left behind:

... health patterns remain poor throughout the area, by Papua New Guinea standards...The key threats are malaria and, particularly in Ningerum, filariasis. What proportion of women receive birth assistance from trained health workers is unknown, but where travel is not difficult women are likely to go to Ningerum or Tabubil to give birth, otherwise not (we saw a woman at the full term of her pregnancy walking unaccompanied from either Tengkim or Wombom to Ningerum). In outlying areas of Ningerum Census Division, there is no reasonable evidence that health patterns have improved since the early 1970s when a sparse network of aid posts was established (Burton 1991:30).

None of the aid posts I saw here were staffed or had medicines. In a subsequent year, my colleagues and I attempted to locate statistical data on health in Western. We found virtually nothing (King 1993:Table B). Even at Health Centres with doctors, such as the ECP-run hospital at Rumginae, staff said they had a weak capacity to service an area by patrol, to do systematic immunisations, or to follow-up patients unless they repeatedly presented themselves. As the serious health threats in the study area typically manifest

themselves in chronic states of ill-health, only limited in roads can be made in dealing with them. Villagers who live more than a short distance from the places of treatment are grossly underserved. However, to demonstrate conclusively how bad this is, is no simple matter.

Female-to-male ratios as an indirect indicator of health status

Sen (1993) shows how, in the absence of other measures, female-to-male ratios can be used as indicators of the overall success of health care. In world terms, female-to-male ratios⁶ of 0.91–0.93 are seen in populations without good health care and particularly with poor, even discriminatory, attention to the health problems of women. Countries with a good all round health effort, whether ‘developed’ or not, achieve ratios of 1.02–1.04.

In the Kiunga District, inspection of government figures showed that ratios as low as 0.80 are not exceptional in Awin villages. Absentees are not accounted for in the figures but, if the predominantly male absentees I picked up in interviews were added to the village counts, the deficits of females would only become more pronounced. I looked at twenty West Awin census units in detail, classing them as follows

- villages with *poor access*: no aid post in the village or in an immediately adjacent village
- villages with *some access*: villages with aid posts, villages adjacent to villages with aid posts, or with good road access to a Health Sub-Centre or Health Centre
- villages with *fair access*: villages adjacent to a Health Sub-Centre or Health Centre

In practical terms, ‘poor access’ means that sick people cannot get chloroquin easily or have sores treated. Mothers frequently give birth unassisted and essentially receive no perinatal care. ‘Some access’ means that chloroquin is available when the aid post is functioning properly. Sores can be treated, but that birth assistance and perinatal care may not be available. ‘Fair access’ means that birth assistance and perinatal care is expected to be available, as is the immunisation of children.

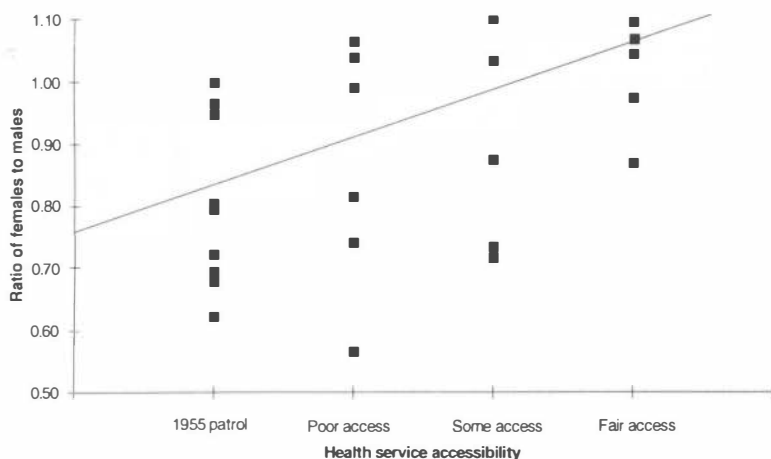
I could confidently identify twelve of the same villages in tabulations of 1955 patrol census data (Filer 1991:Tables 371 and 372). These provided a useful control sample. In 1955, the population structures of each community would essentially reflect the person-

years lived *before* contact, not the limited medical treatment that had just become available.

With this level of detail, the positive relationship between medical care and the female-to-male ratio is unambiguous and striking (Figure 7.2). In 1955, as in other newly contacted areas, it is possible that some women and girls were hidden from patrol officers. Further examination of patrol diaries would throw light on this. At any rate, the ratio of 0.82 for the sample is below a modern 'bad' rate by a considerable margin.

In 1990, the principal difference is between villages with no health services to speak of, and those with at least aid posts. The former are badly off, with a ratio of 0.91. Figure 7.2 shows that this represents a deficit of some 64 'missing' females, if a benchmark ratio of 1.02 were adopted as representing reasonable all-round health care. But is the

Figure 7.2. Health service accessibility in West Awin villages by gender (female-to-male ratio)



Note: some graphed data points overlap.

Sample	N	Males	Females	Totals	Ratio	'Missing' females
1955 patrol	12	459	375	834	0.82	93
Poor access	6	585	533	1118	0.91	64
Some access	8	558	563	1121	1.01	6
Fair access	6	612	624	1236	1.02	0

1.02 benchmark appropriate? If it is, what do the statistics mean for the neglected villages?

The 1.02 ratio does seem appropriate for the Awin villages; as it happens, this is the exact ratio seen in Awin villages close to health facilities with at least a nursing sister on duty (the Health Centre at Rumginae also has a doctor). This level of care is not always perfect—no one will claim that a rural Health Centre can save every life—but it is above all where the benefits of mother-child health (MCH) clinics begin to be felt. By contrast, the neglected villages continue to suffer with health intervention at levels not far above those seen at contact.

Sex selective mortality

I should stress that female-to-male ratios are only an indicator of *relative* survival rates, and that 'missing females' are only 'missing' in relation to a particular level of health. While it is considered proportional to it, it is not a measure of the level of health itself. Thus if we see a ratio of 0.91, and an apparent total of 64 'missing females', among the villages with poor access to health care, we must also imagine the men and boys who have failed to survive because health care is poor for them too, and a matching number of women and girls, *before* counting the 'missing females' who are *extra casualties*.

A full discussion of the non-medical factors which contribute to sex selective mortality cannot be made here. Economic, cultural and educational factors play a very important part. For example, with cleaner, more frequently used tracks and safer river crossings, village women run fewer of the simple risks that their environment and their daily round of subsistence work naturally hold for them. A simple improvement in the number of girls sent to school can have the effect of placing them closer to centres of treatment for longer periods. With better levels of education and economic participation, adult women can move to less traditional, but safer, occupations than were previously open to them.

Provincial responsibilities and social development

The above is a clear demonstration of the human consequences of allowing health issues to slide to what is obviously a very low level of priority in the provincial administration. However, how should this be seen in the context of mining benefits?

First, it is obvious that the ten years of royalties and other financial advantages provided by the mine have done little to improve health delivery. In fact the opposite case is easily be argued. A pattern recurs throughout the province. Health facilities are rarely up to establishment strength anywhere. Daru Hospital made the news for its terminal state in 1993 and 1994, but Kiunga had no doctors at all in 1991; the UNDP, an outside aid agency, has funded two since then. Atkamba Health Sub-Centre had no nurse in 1992; at Haewenai Health Sub-Centre in 1992, my Awin field assistant, a former nurse trainee, scrubbed up and delivered a baby a few minutes after our arrival there. At Suki, two sisters were present in 1994, but the Health Sub-Centre had been unstaffed through most of 1993. Where funds are allocated for new buildings—usually to replace existing ones that have fallen rotten due to a lack of maintenance—the plumbing is the usual casualty, with pipes left disconnected even from handbasins in delivery wards. Beds are non-existent. Drugs are intermittently supplied to Sub-Centres and aid posts—for example, only chloroquine may be available for months on end, when a full range of antibiotics is required. It goes without saying that record keeping at these facilities is desultory and planning for a *better* health service is done only in the heads of dreamers.

Mining benefits under maladministration

I discussed mining policy in my introduction. Its bottom line is that mining must be *for something*. Mining is never an end in itself. In the context of Papua New Guinea, mining is not for supplying materials to domestic industries. It is for generating activity in the economy and income for individuals and governments.

There are many sides to this that I have omitted here, notably the benefits to leaseholding landowners. My present focus is on the use which one provincial government has made of its income from mining. My basic question was whether there has been anything to show for the increased income available to the province. The answer, sadly, is very little indeed, all things considered.

I differ with Jackson's comment of the province 'that 'to date it has not known what to do with its new found wealth'. On the contrary, many people have proved only too willing to find something to do with the 'wealth', starting with the diversion, at the top level of government, of the K3.1 million 1990 Special Support Grant cheque

and extending down to grassroots level, with the smallest community joining in the clamour for its own 'project' which, as described here, is often only a front for direct income. However, Jackson is right in a conventional sense, for this kind of province simply does not have the staff—nor does it choose to look for them—to devise the policies and development plans necessary to get good value from any level of spending.

I have attempted to show that cultural attitudes have taken over the economic management of the province. A practice I have described as grant 'designation', coupled with the unexpected power of local groups over the bureaucracy, would appear to lend the province a limitless capacity for 'disappearing' any money given to it for development.

A curious issue is the extent to which 'projects officers', the public servants who vet and authorise the project spending, go along with what they must know is an extraordinary wastage of public money. Corruption is alleged in the form of awarding contracts for kickbacks, photocopying legitimate tenders and selling them to technically incompetent bidders, and calling for tenders with impossibly short deadlines (because the winning bid has been decided in advance), but it seems to be impossible to substantiate any actual cases. The suspension of the provincial government as a whole, from 1992, and the concurrent suspension or investigation of individual officers within the Department of Western, have predictably led to less than conclusive inquiries and, during 1993 and 1994, reinstatement and 'vindication' for those accused.

It is arguable that corruption is irrelevant and is not the root cause of the Western Province malaise, since it is obvious that whoever wins construction contracts and however money is spent, all work must be inspected to see that what has been paid for has actually been constructed. The real crime may be that this never happens. No administrative superior ever appeared concerned about this; none ever mentioned to me that 'something ought to be done' to see that value for money was being obtained.

I find the complacency of central government extremely curious. As at provincial level, a budgets officer in the Department of Finance and Planning must vet project spending lines and should have the right to insist on detailed and exact compliance with the government's own financial practices. In fact, as I have already mentioned, monitoring of spending is generally limited to recording statements of

what percentage of a budget line is exhausted. There is little insistence on proof that something really has been constructed in the province.

I say this is curious because no national government has ever said anything other than '... the knives will be out for non-performers ...', '... these people know who they are...', '...slackness will not be tolerated...' and so on. Again, mining policy is for benefits to be shared back to provinces, which ought to mean that some responsibility is taken to see that money is not simply poured away.

Predictions

In their macroeconomic overview of the prospective mining boom, Parsons and Vincent (1991) spell out a series of policy options for Papua New Guinea. These are predicated on an 'expected surge in revenue' (1991:37) and include slowing down the rate of extraction, paying off foreign debt, lowering personal taxes or otherwise directly transferring wealth to citizens, and increasing public spending. The first option is largely discounted. The second option is advocated to a certain degree, but mainly raised to warn against the dangerous consequences of doing the opposite: extending borrowing on the basis of temporarily increased income.

The third and fourth options are considered more actively, but it wide of the mark on what has actually happened so far.

On transfers of wealth to citizens, only a lowering of income tax is cited as a method. Actually, we have seen that 'agriculture grants', which ought to be loans in a rural credit scheme, are a covert means of direct transfer, since they are given out with no expectation of return and, with agricultural extension beggared to pay for the grants, with not even a pretence of a way to help farmers who might want technical assistance.⁷

On increased public expenditure, Parsons and Vincent weigh up a balance between consumption expenditure, like an expanded public service, and investment expenditure, like new roads.

The government has on previous occasions signalled its intention to devote a higher proportion of its revenues to public investment in infrastructure, public goods and other economic sectors. It is essential that enhanced revenues are used this way (1991:43).

In provinces like Western, this exhortation has turned into a bad joke. If only layer upon layer of new, 'special' grants were *not* earmarked for somebody's road or bridge it might be possible to run a

simulacrum of a public service, complete with staff development programs, working policy and planning units, and health, home affairs and agriculture staff who actually have money to run their offices and buy enough petrol to do patrols to villages (Appendix 7.1).

Policy implications

The principal policy implication is that central government has mistakenly believed that cries for help emanating from Daru reflected a case of economic hardship and has repeatedly added more money without seeking greater accountability and better performance.

Make no mistake, hardship *is* experienced in Western Province, but it is the hardship of those people so forgotten in the bush that their voices certainly would not reach as far as Daru, let alone Moresby. It is very likely that successive national governments have been preoccupied with other matters or have considered their position too weak to be able to intervene. But this is a matter of will. The national government has a right to insist that prescribed procedures are followed. It seems likely that minor officials do insist, but eventually give way when pressured by sectional interest groups.

The national government's apparent willingness to go on caving in to provinces that can cry 'poor' may have roots in Melanesian cultural responses. I do not mean to say that it is uniquely Melanesian to offer help to people in need but it is definitely *un*Melanesian to make any demand of those you have just given a gift to.

The implications are far-reaching if it is not recognised that reform must be attempted. Of the eighteen other provinces, as many as half exhibit the pathologies I have described for Western Province, if the media are to be believed. There are now four other mining and petroleum provinces: Enga, Southern Highlands, Gulf and Milne Bay. At least three others are projected to join them: Central, New Ireland and West Sepik. If any of the first four are already behaving like Western Province, and if others follow this route, the high expectations of villagers at the beginning of projects will deservedly give way to cynicism and unrest.

This can be represented as a choice of development paths. Many of the problems of provincial development, I have argued, are traceable to cultural attitudes, not to absolute shortage of money, nor to intrinsically badly educated officials and politicians. Culture is praiseworthy—in village affairs. When it invades government, it leads

wittingly to cronyism and nepotism, and unwittingly, to structural imbalances that may take years to correct.

It is often remarked in the context of village economics that hosting feasts and gift-giving looks like profligate consumption, but actually lays provision for the future by laying down social obligations that may be called upon later. A note should always be added that traditionally the consumption was always of renewal resources, such as vegetables and livestock. It is sobering to think how poorly this behaviour transfers to a mining economy, where the source of wealth is non-renewable. This is, of course, a common topic of discussion in the national media.

If the choice is between these two paths, the main obstacle for participants is evidently telling one from the other. The 'Leadership Code' is a weak attempt to do this, but really there is little formal guidance at any level of public service for what is or is not fair practice: no Equal Opportunity legislation, for example, and few easy avenues of complaint for junior officials. Whistle-blowing, as in other countries, is fraught with dangers.

I started with a discussion of mining policy and by saying mining must be for something. I have not discussed mining itself, and my analysis throws no light on the business opportunities to be had actually at the projects, which can be substantial. I have not considered the benefits of mining for well-organised provinces. My discoveries in Western Province relate purely to maladministered regions, whether they be districts, provinces of small island states. I can firmly conclude that mining has no benefits for economies of this type unless the enclave area of the projects effectively cover the whole region.

My conclusions are just as relevant to the provision of aid. Aid can do little good with the degree of leakage in provincial spending I have described. More money will not help the backward provinces or the backward parts of arguably better-organised provinces. Aid simply becomes added to all the other special allocations, and is just as divorced from proper support services as all the other project spending. Even tying aid to projects may not improve matters. Neat rows of Australian provided police houses now stand at Ningerum in Western Province, for example, and in many other places in Papua New Guinea besides. They are nice houses for the occupants for a time, but the underlying inability of the host province to commit funds to maintenance means that this is actually 'band-aid'.

It might be constructive to say that the economy of Papua New Guinea should cease to be treated as a 'developing economy', that is one that needs a mechanical tune-up and more fuel and lubricants to get it going. It would be far better to call it a 'transitional economy' in recognition of the fact that the shape it is in is due to the 'culture of governing' and not because of absolute shortages of resources.

Notes

Case material for this paper was obtained during fieldwork for the 'Ok-Fly Social Monitoring Project' between 1991 and 1994, a project of Unisearch PNG Pty Ltd, the consultancy company of the University of Papua New Guinea, on contract to Ok Tedi Mining Ltd. Some cases have appeared previously in OFSMP internal reports and I am grateful for permission to re-use them here. However, the views I express in the paper are mine and cannot be taken to represent those of either Unisearch or OTML.

- 1 The body which formerly vetted foreign business investment and which was generally viewed as nationalist but over-regulatory. It was recast as the Investment Promotion Authority (IPA) under the Namaliu government.
- 2 A famous one was the 12 January 1990 presentation of the first, K3.1m, Special Support Grant cheque by the Deputy Prime Minister, Ted Diro, to the Premier, Norbert Makmop, at the Tabubil basketball courts. It was essentially promises made here that led to the 1991 Daru riot.
- 3 Namely the cheque presented by Diro. The money was 'banked' with a Port Moresby law firm and was never seen in provincial accounts. Between K360,000 and K800,000 was, so well-placed informants recount, charged by one partner, now in voluntary exile from PNG, for preparing documentation for the above mentioned MOA (work actually carried out by staff from Mining and Petroleum). Some was used for overseas travel. Perhaps another K600,000–K800,000 was lost in an attempt by prominent provincial government identities to buy earthmoving equipment which they intended to win mine contracts with—but (a) this was impounded by customs with the import duty unpaid, (b) these contracts were already filled, and (c) it comprised machinery from a system incompatible with existing plant, spare parts, maintenance procedures, and operator training. I have heard only of K200,000

- being appropriated for spending within Western—but, again, only for the personal patronage of a provincial member.
- 4 Project examined in 1992. At that time I could not physically find the contractor, but I ran into him by chance at a village some 200 kilometres to the southeast in 1994. I was not in a situation where I could easily cross-examine him, but he admitted he had left the contracting business in 1992.
 - 5 The crashes of a Southwest Air Islander and an MAF Twin Otter near Selbang in the Star Mountains prompted a stoppage at Ok Tedi in late 1994 to protest about the lack of road building in the mountains. This is a fair point and, if anything, it underlines the need for consistency and long-term planning by the FRPG and Provincial Works.
 - 6 Much of the literature quotes a 'masculinity index' in terms of males per hundred females. Thus 0.91 is the equivalent of 109.9 males per 100 females. I can now see this as slightly misleading in highlighting an imagined 'excess' of males, when it is the very real deficit of females that is in question.
 - 7 It should be said that this pales into insignificance by comparison to the many millions expended on export crop subsidies, paid mainly in the highland provinces to support coffee growers over several years of low prices.

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Appendix 7.1

Axline's provincial government performance measures

Axline (1986:161-175) adopts five categories under which provincial government administrative performance can be evaluated. It is useful to compare Axline's commendable properties and his pathologies to past and present practice in Western Province:

General planning, programming and policymaking

'Among the [provincial governments with effective policy-making structures] plans have been drawn up in one or more sectors and steps have been taken to bring these sectoral plans together into a co-ordinated provincial development plan' (Axline 1986:161-162). *In WP, a Five Year Plan was drawn up by divisions in 1987, but was basically discarded by the provincial assembly on its return from suspension and resumption of responsibility for North Fly.* 'At the other end of the scale poorly performing provincial governments suffer from lack of organisation, ineffectiveness, low morale and little policy direction policy decisions are limited to the adoption of a provincial budget.' (Axline 1986:162). *In Axline's last two reporting years, 1981 and 1982, the nineteen provincial governments each passed an average of 3.8 legislative acts.*

Only two simply passed the budget in these two years; in each case, one was Western Province. At project level, there is a preference for selecting large, expensive projects, rather than drawing up lists of valuable minor works or maintaining existing infrastructure. Some decisions are made in the face of detailed advice to contrary or in a plainly illogical way (e.g. Olsobip road started without engineering plan, inoperable airstrip built at Ok Au, roads built in area with no vehicles). Finally, budget lines not matched with genuine costings or quotations (e.g. budget items, including wages, typewriters, computer maintenance agreements and standard house designs, rounded to nearest thousand Kina, cf. Fly River Provincial Government n.d. [1991]).

Coordination, cooperation and communication

'Many provincial governments do not have regular monthly meetings of division heads and there is often no established procedure for written reporting. In many cases, there is inadequate direction from the top, with division heads being bypassed in reporting from the

field, and little co-ordination of divisional plans' (Axline 1986:163). *The frequency of divisional meetings etc in Western Province is unknown to me, but geographical considerations militate against good communications (cf. King et al. 1990). There are obvious lapses in communication between headquarters and rural posts (e.g. councils not paid, clinic records not kept or not remitted to headquarters, rubber extension officer stationed at village for 12 months with no planting material).*

Political cooperation and support

'In many provinces there are serious problems in the area of political co-operation and support [ranging from] political interference in administrative matters ... to a virtual breakdown of control by provincial government ... In one or two cases, political interference from the national level has contributed to conflict and disruption' (Axline 1986:166). *Political interference in Western Province is obvious in the case of the missing K3.1m 1990 SSG payment and the dumping of the Five Year Plan. David King (pers. comm.) points to the paralysing effect of North Fly–South Fly rivalry on the provincial assembly's ability to consider legislation, let alone pass it; this appears to remain an intractable problem (cf. King et al. 1990). On the other hand, the national members are not notably involved in provincial government matters—the North Fly member is not Western Province born and his voter base lies essentially with Tabubil mine workers. At the provincial-local level, the inappropriate institution of 'Rural Development Funds' for provincial members undermines council responsibilities. Further, RDF subsidies are given to enterprises in the absence of adequate extension services or business guidance (e.g. small-scale livestock projects.).*

Administration and management

'Generally, the quality of provincial administration and management in all provinces is low staff development is extremely important [but a] number of provincial governments have no staff development officer. In others the position is vacant part time [or] classified at a level too low to properly exercise the function' (Axline 1986:167). *Human resources and staff development are clear weaknesses in Western Province. The province has a very small pool of university graduates for whom employment with OTML would undoubtedly be a much more attractive proposition than working in Kiunga or Daru, and even properly qualified non-graduates are hard to find, three out four planning positions were unfilled in 1992. Finally, a notable 'brain drain' of experienced public servants from Kiunga into employment with OTML at Tabubil rounds off a*

particularly dismal outlook for human resources. At the level of financial management, budget lines are overspent (e.g. no funds released for an allocated project) and, historically at least, have been underspent (cf. Axline 1986:Table 38). Certainly, acquittals are not made promptly, accurately, or at all (e.g. previous year's SSG not acquitted).

Local and district affairs

'It is at the level of local government and district administration that provincial government policies are most clearly related to the people they are meant to benefit. Local-level government is in a bad state in nearly every province of Papua New Guinea' (Axline 1986:169). *Local government had entirely ceased to function in the North Fly in 1992.*

Axline's work essentially relates to the early period of provincial government, prior in this province's case to the temporary separation of North Fly from FRPG control; at the time Western Province appears to have been home to one of his two worst performing provincial governments. It is possible that other provinces have encountered more severe problems than Western's since the early 1980s; otherwise there are few reasons for wagering on an improvement in ranking if his evaluation were repeated today.

Decentralisation reform in Solomon Islands

Gordon Leua Nanau

Decentralisation as an idea encompasses processes of deconcentration and the devolution of power. Decentralisation in Solomon Islands can be described as the transfer of powers and or functions from the central government to provincial governments, or from provincial assemblies to the area councils (Commonwealth Secretariat 1983:4). It includes the transfer of authority and responsibility within the bureaucracy to officials stationed outside the headquarters and at the same time, legally confers power to these lower levels of government to make policy decisions over specified matters.

This chapter looks at the rationale behind decentralised government structures and identifies systems under which decentralisation can be practised. It describes how the provincial government system in the Solomon Islands emerged and was implemented under the *Provincial Government Act 1981*. Major obstacles to the successful implementation of the *1981 Provincial Government Act* are highlighted. The chapter then ventures analysis of the disputed and controversial *Provincial Government Act 1996* that was intended to replace the *Provincial Government Act 1981*. The *Provincial Government Act 1996* was declared void by a High Court decision of the Solomon Islands High Court on 26 February 1997. The chapter concludes with possible solutions to the controversy before rounding

off with suggestions on strategies to improve decentralisation in the Solomon Islands.

Justifications for decentralisation

Six justifications are usually associated with decentralisation. First, there is an argument that decentralisation promotes and facilitates the participation of citizens in politics. Decentralisation has at times been regarded as a way of gaining citizens' support and commitment for the state. This is because a decentralised government responds to the wishes and aspirations of local communities. At the same time, it gives them a sense of security and relief from their fear of foreign domination (Ghai 1983:48). For instance, the Solomon Islands *Provincial Government Act 1996* envisaged a system that would enable rural dwellers, including traditional 'big-men' to generate income from their resources and to manage public funds that come their way. Budgeting and planning would take place at the area assemblies' level (grassroots) instead of regional and provincial levels (Paia 1997:6). It is also argued that the new provincial government structure is appropriate for Solomon Islands because local feelings and aspirations were taken into account when devising and documenting the system. From this vantage point, deciding in favour of decentralisation promotes popular participation in socioeconomic and political matters.

Second, decentralisation is regarded a development tool. With the decentralisation of power and functions to local levels of governments, planners are able to identify different conditions and groups in these areas. Such differences and conditions can be accommodated into their plans (Rondinelli *et al.* 1984:14). From this viewpoint, proper planning through decentralised structures, and being effectively carried out, would boost economic development in rural areas.

Third, decentralisation is regarded as a strategy for efficient decision-making. When efficiency is the main consideration in decision-making it is often preferable to have decentralisation instead of centralisation (Battacharya 1978:772). Decentralisation facilitates two-way communication. That is, those in the main administrative centres would be able to receive first-hand information on issues that require assistance in the rural areas or vice versa. When justifying these of decentralisation, Occampo (1991:195) commented that

...[d]ecentralisation takes advantage of more precise, case-wise, and current knowledge, adaptive skills, and the smaller, human scale of local institutions and communities in dealing with their problems.

Fourth, decentralisation is regarded as a way of uniting heterogeneous countries such as Solomon Islands. Decentralisation of government helps people to unite because such systems recognise the separate identity of groups or regions within the country. Decentralisation recognises and usually grants some kind of autonomy to different regions or provinces in the expectation that potential conflicts and tension from these distinct groups are mitigated or avoided. Premdas (1984:135) argued that

when diverse local sentiments and interests are recognised as a legitimate part of the nation's collective assets, via extending to provinces maximum autonomy in conducting their affairs, then the urge to secede would be assuaged if not eliminated.

In Papua New Guinea and Solomon Islands, Samana (1988:311) pointed out that decentralisation helped to maintain unity and prevented the emergence of an authoritarian system¹. Decentralisation is justified as a factor facilitating unity in heterogenous societies.

Fifth, decentralisation is seen as a form of decolonisation in the sense that people are given the chance to determine their destiny. Colonisation created centralised governments that in many instances are alien and separate from the people it colonised. In such instances, the colonised were belittled and left with the self image of being ignorant and incapable of making decisions. For real decolonisation to take place, and the return of local pride, decentralisation of government structures and functions is favoured. Expressing this view in Papua New Guinea, John Momis declared

[p]ower must be returned to the people. Government services should be accessible to them. Decisions should be made by the people to whom the issues at stake are meaningful, easily understood, and relevant. The existing system of government should therefore be restructured, and power should be decentralised so that the energies and aspirations of our people can play their full part in promoting our country's development (cited in Premdas *et al.* 1984:122).

Sixth, decentralisation is regarded by pluralists as a preventive strategy against citizens' loss of control over the actions of their political leaders. Dunleavy and O'Leary (1987:57) pointed out that decentralisation ensures that people control the actions of their

political leaders. To justify the Solomon Islands *Provincial Government Act 1996*, it was argued that participatory democracy will be enhanced because the traditional chiefs or Big-men will be involved in decision-making along with the elected members (Paia 1997:6). The emergence of despotic leaders is discouraged by decentralising power to the people.

Most, if not all of these, were justifications behind the establishment of the provincial government system in Solomon Islands. Decentralisation was seen as a way to enhance participatory democracy, as a tool in development, encouraging efficiency in decision-making, a uniting force in heterogeneous societies, a form of decolonisation and a means to the retention of local pride, and a strategy against democratic despotism.

Solomon Islands Provincial Government System functions under a unitary rather than a federal system of government. That is why we have these words in the preamble of our national constitution.

We the people of Solomon Islands, proud of the wisdom and the worthy customs of our ancestors, mindful of our common and diverse heritage and conscious of our common destiny, do now, under the guiding hand of God, establish the *sovereign democratic state of Solomon Islands* (my emphasis).

Decentralisation, democracy and development

Decentralisation, democracy and development are often seen as complementing each other. Decentralisation is as much, and perhaps more, of an ideological principle as a means of administration. It has certain values and objectives attached to it. The political objective of decentralisation becomes clear when associated with notions such as self-reliance, domestic decision-making, popular participation in government, and accountability of government officials to citizens (Rondinelli *et al.* 1984:8). Decentralisation from this perspective cannot be divorced from the Western democratic principles and post-colonial notions of participation and self reliance. The feeling is that the administration of a great nation cannot be embraced by a single central power, no matter how skilful it is. Those championing grassroots democracy would agree that 'centralisation is a threat to human spirit everywhere and its control is a concern of all men who

love freedom' (Seshadri 1978:670). Decentralisation from this perspective is regarded as the democratically right thing to do, and is usually regarded as an end in itself rather than a means to some end.

Decentralisation, democracy and development may be seen as going hand in hand. It is often argued that citizen participation in local government is the 'grassroots' of democracy that allows adjustments in society to benefit a majority of the people (Maddick 1975:57). If people can participate in decentralised systems upholding values of democracy, the system will help them to adjust to changes that come with development.

At the same time, decentralisation is seen as facilitating the removal of the 'deprivation trap': through decentralisation, people would be free from feeling powerless, poor, vulnerable and isolated (Ingham and Kalam 1992:375). With decentralisation, people would feel more secure. A sense of oneness would discourage friction and fragmentation. Decentralisation attempts, in principle at least, to include people in deciding and defining their destinies, particularly in the areas of development most likely to affect their lives.

It should be noted, however, that romanticising decentralisation and equating it with democracy may be misleading. Some people think that decentralisation does not always promote democratic ideals nor does democratic action emanate from decentralisation. Empirical evidence from studies carried out in Sri Lanka showed that the devolution of power did not encourage regionalism, but rather separatism (Mathews 1987:86).

In Papua New Guinea studies have concluded that the effects of the provincial government system's redistribution measures have resulted in the increase rather than reduction of economic differences between the provinces (Tordoff 1987:86). In Bangladesh (Ingham and Kalam 1992:379) it was found that instead of removing people from the 'deprivation trap' the decentralised system has been used to channel development funds into the hands of better-off individuals.

As we turn to a discussion on the evolution of the provincial government system in the Solomon Islands, it is important to bear in mind that decentralisation takes many forms. Decentralisation is a concept as well as a strategy, and the implementation of decentralisation is of prominent consideration. A form of decentralisation that works well in one country may not work in another.

The making of the Solomon Islands provincial government system

The first form of administration practised in the Solomon Islands was 'deconcentration'. This is a form of administration whereby administrative powers were given to officers stationed outside the main administrative centres to carry out functions dictated from the capital centre. Since 1953, 24 local councils were established, the boundaries of which were based on language groups or islands. Solomon Islanders for the first time began to be grouped outside their normal clan, family or village groupings.² It was not long before the colonisers realised that the local councils faced problems regarding their sizes and financial capabilities. For example, Malaita, the largest local council with a population of 50,000 people had a revenue of 17,000 pounds per annum while Duff with a population of 150 people only collected a total revenue of 108 pounds per annum (Premdas 1982:243).

As a remedy to these problems, a document known as the Plan of Operations 1974–1977 (hereafter referred to as the Plan) was drawn up in the early 1970s by the British colonial government. It aimed to amalgamate the various local councils into several viable ones. At the same time it was a strategy aimed at strengthening the role of chiefs and traditional leaders at district and subdistrict levels. It also aimed at transferring the control over staff and finance in the fields of district administration, agriculture, education, health and public works from the central government to local councils (Premdas 1982:246 and Kausimae 1978:142). By 1976, most recommendations of the Plan of Operations have been implemented. The 24 local councils were amalgamated into eight, including one for Honiara town (Bennett 1987:326). The control of staff and finance in the areas of education, agriculture, health and public works were gradually transferred to the local councils. The Plan paved the way for what became the provincial government system in the Solomon Islands. In 1974, the Ministry of Home Affairs was established to oversee and coordinate the local councils.

A few problems emanated from the Plan. The Ministry of Home Affairs and the Public service were hostile to the Plan of Operations because of their loss of functions through devolution. The prestigious tasks performed by those at the central government ministries were

taken over by the provinces (Premdas 1982:246). This caused resentment from public servants in the central government ministries. Moreover, traditional leaders did not want to participate in the administration of local councils. This was because one of the tasks assigned to councillors was to collect the unpopular head tax, a task that would degrade their status and destroy their respect in their respective communities. Therefore, the idea of utilising traditional leaders in the administration of local councils did not eventuate.

The Plan also created larger units that govern people with different cultures, languages and ways of living who felt more comfortable looking after themselves rather than being ruled by others (Premdas 1984:246). This of course contradicted arguments that favoured the native way of government.

Despite its shortcomings, the Plan established the provincial government system in the Solomon Islands. Its limitations led to the call by pre-independence leaders of Solomon Islands to have a careful study of the system. A special committee was recommended during the Constitutional Conference in 1977¹ to examine the relationship between the National Government, Provincial Governments and Area Councils and to recommend on measures to promote the effective decentralisation of legislative, administrative and financial powers² (*Report of the Solomon Islands Constitutions Conference* 1977:12). The Kausimae Committee was appointed to carry out this task and their recommendations were implemented under a new *Provincial Government Act* 1981.

The most important outcome of the Kausimae Committees' recommendations was the listing of exclusive and final powers of provincial and central governments, in a quasi-federal system. The Committee came up with three lists they called A, B, and C. List A contains the final legislative powers that provincial governments and Honiara Town Council have. It identified the areas under which the provincial governments could make laws on their own, and when their laws would prevail in any conflict with the central government. The items of list B includes those on which the provincial government could legislate, but which Parliament could review (Premdas 1982:249). List C contains the functions transferred to provincial governments following the Plan, and other functions transferred from the other ministries (*Report of the Special Committee on Provincial Governments* 1979:41). These lists when included in the *Provincial*

Government Act 1981 for the first time gave power to the provincial assemblies to make legislation. Yet since its enactment in 1981, the provincial government structure has been criticised.

Shortfalls of the *Provincial Government Act 1981*

From my fieldwork³ in two provinces, it becomes clear that decision-making was not carried out by the executive but rather 'core' groups within the provincial executive or by individuals. The executive only gives its blessing to decisions that have already been made by the 'core' group.

The existence of informal decision-making groups within the provincial executive dilutes the justification that brings the provincial government machinery much closer to the rural populace.

One such decision was made by the provincial core group in 1992. The decision was to buy a piece of land in another province belonging to a former national government member of parliament. The province bought the piece of land for SI\$150,000. The other executive members were not informed. The transaction was only known by the core group and the former member of parliament. Two problems emerged after the money was paid in 1992. First, no improvement were made to the land. Second, it was later discovered that the land was jointly owned by the former member of parliament and a former Prime Minister. The area of land bought was reduced, due to demarcation although the money paid remained the same. Such practices within the provincial political circles did not amount to proper and efficient decision-making.

Area Councils in the country were mandated to make decisions on development activities within their localities. However, their effect in the provincial government system is hardly noticeable. Perhaps part of the reason that led to the central government and provincial governments to ignore Area Councils is the illiteracy or the low educational background of Area Council members. At the same time, there were no clear directives from the *Provincial Government Act 1981* or the Provincial Executive as to what were the responsibilities of the Area Council. Consequently, Area Council members are elected and remained in office on fixed term basis although they do very little or nothing at all. The provincial government system has failed to acknowledge and utilise the potential of this group of people who are closely accountable to the rural populace.

Another major concern of those who framed the Solomon Islands' provincial government system was national unity. The national unity and identity that was to come from the provincial government system is not always obvious. Both national or provincial identities are rarely acknowledged and people continue to identify themselves at district or village levels. The provincial identity only becomes obvious when one is in Honiara and the national identity becomes clear when one is overseas (Feinberg 1990 and Saemala 1982). National unity through national identity is virtually non-existent despite national symbols such as our common currency, national flag, national anthem and our international boundaries.

This lack of national consciousness and identity has led to suspicions, animosity and fear of outside domination. Resentment of 'strangers' and the fear of being dominated by others, has led some provincial leaders to call for more legislative power in order to control the movement of people. Two provinces that are hosts of many industries that offer paid employment have been calling for more. Unfortunately, some who are employed in these industries engage in criminal activities and illegal settlements. However, the two provinces call for more legislative power to control the movement of people to safeguard the interests and rights of the indigenous population contradict the constitutionally guaranteed freedom of movement. Nevertheless, provinces are calling for more power because of the lack of national consciousness and the feeling that the national government is not doing enough to protect their interests.

Another serious problem with the present system is the tension between national politics and provincial politics. The first is the problem of national integration. Once people have identified themselves with a particular province, they start comparing their receipts from, and contribution to, the national economy against those of other provinces. Provincial welfare becomes more important than the national welfare. On his 1989 tour, the Governor-General was reminded that one province contributed more than any other province to the national economy but development plans and resource allocation always favoured densely populated areas. In his reply, the Governor-General stressed the importance of unity and political stability and reiterated that equality would result in political instability (*Solomon Nius* 6 February 1989:5). By this he meant that giving more does not mean receiving more, because if the needs of other provinces are not satisfactorily met, instability may occur in the

country. This is obviously a dilemma since similar consequences can be expected if provinces are giving more to the national economy but receiving less from it. In my 1995 fieldwork, both provincial premiers felt that unity in the country can be maintained only if there is dedication to equal treatment in terms of development and resource allocation from the central government.

Another major problem with the 1981 Provincial Government Act is the lack of coordination between the Ministry of Provincial Governments and the nine provinces. In order for various provincial governments to carry out the plans and policies of the central government, there has to be a strong coordinating mechanism before two-way communication can take place. Provinces have been complaining about the lack of attention given to them by officers of the national ministry. For example, a memorandum on the 14 January 1997, from one Provincial Secretary to the Permanent Secretary of the Ministry of Provincial Governments, complained

I for one, find it very difficult to work and follow up matters with our responsible officers in your Ministry when they do not even attempt to acknowledge almost all correspondences. This is causing almost a very big gap between your office and ours. Sometimes, we would be lucky to have responsible officers answering our enquiry (sic) telephone calls, which is also costing very much for the bills. I have verbally discussed this matter with your CAO HQ Oct/Nov, 1996 but have noticed little or no change at all, this is why I have to write now.

Finally, the present structure has become cumbersome because levels of government often duplicate each other. The central government makes laws and plans for development at the national level, just as the provincial assemblies and area councils make laws for their respective areas of influence. These three levels of government are operating quite independently from each other. The absence of a coordinating mechanism means that each level of government has its own development plans and projects rather than the whole system working towards a common end.

The Provincial Government Act 1996

The lethargic nature of the Areas Councils points to the need to improve or abolish them. This can be done through amendments to the *Provincial Government Act 1981* rather than coming up with the structure envisaged under the *Provincial Government Act 1996* that

gives full recognition to area assemblies, but cannot justify the expenses and constitutional issues involved. It is a landmark decision by the High Court that will influence and direct future decisions in this provincial decentralised system.

The *Provincial Government Act 1996* (hereafter referred to as the 1996 PGA) was passed by the National Parliament of Solomon Islands on 8 August and was assented to by the Governor-General on 11 September 1996, to make way for a new provincial government system and structure.

The 1996 PGA aimed to establish a decentralised system closer to the rural populace. Area assemblies were instituted in place of Provincial Governments and Area Councils. The chairperson of each area assembly joined the Provincial Council, with a president elected from among their number. The President replaces the premier, and the area assembly chairpersons take the place of the executive, with approximately the same power to make laws given under the *Provincial Government Act 1981*.

A major difference, however, is the absence of political accountability due to the nonexistence of the opposition and backbenchers in the Provincial Council. The 1996 PGA created a Provincial Council that is composed of all the area assembly chairpersons who would remain in office until their term expires. The president, however, may be forced out by an absolute majority vote after twelve months. This vote, however, must be taken and supported by a declaration from the Minister of Provincial Governments. Furthermore, the minister can remove the president from office if a Commission set up to carry out that purpose decides that the president has conducted themselves improperly in office. The minister has the power to become a dictator on provincial council matters—a point contradictory to the justifications for decentralisation identified already.

An unusual aspect of the new system is the registration of chiefs and elders. These chiefs are registered in the hope that they could be recognised as part of the area assembly. In traditional Melanesian societies, there is no such thing as the chiefly system. Nobody becomes a chief or an elder through registration or appointment. Furthermore, no-one becomes a chief through birth. In the case of the Big-man system, a person becomes a leader through his own hard work and through display of certain qualities such as being forceful, even-tempered, a good speaker, and an able organiser (Hogbin 1964:63).

The prime qualification is on wealth in the form of vegetable supplies and pigs. There are a few exceptions in the Solomon Islands, particularly those in the Southern part of Malaita and the Polynesian outliers. Apart from these few exceptions, the registration of chiefs is a mockery and belittlement of various traditional cultures of Solomon Islands. There is a serious ethical and cultural question associated with the 1996 PGA.

At the same time, the notion of participatory democracy through representative government and universal suffrage, cannot be satisfied through the registration and appointment of chiefs and elders into the area assemblies and provincial councils. Since area assembly membership includes non-elected chiefs and elders, there is a possibility of having a provincial council that consists of all non-elected members. This of course is not in tune with the democratic notions of accountability through universal suffrage. One cannot guarantee that a chief or elder represents the interests of people from his zone, though he may represent the interests of his particular tribe or clan. The structure envisaged by the 1996 PGA lacks the essential ingredients of participatory democracy.

Closely related is the issue of equal representation in the governance of the country's affairs. In Solomon Islands societies, no woman ever became a 'chief'.⁴ This means that no single woman will have a chance of being appointed into the area assemblies as a chief.

One of the principal rationales behind the new system was the decentralisation of government structure to the rural populace. When one has the government structure closer to the people, there is no guarantee that power to make laws will also be granted. Even the power to make laws does not necessarily mean that the national authority will also give them the financial and economic power to carry them out.

The 1996 PGA structure will be much more expensive than the administrative structure under the *Provincial Government Act 1981*. The establishment of headquarters for the various area assemblies and the expenses of maintaining a bigger public service commission, are moves that are totally contradictory to current plans to reduce the public service and the cash flow problems of the country.

Financial considerations weighed heavily on, for example, the recruitment into the public service of a Level 8 officer to fill the Principal Planner's post of Guadalcanal Province under the 1981 Act. The Public Service Commissions' reply to Guadalcanal Province's

request ‘... that with the current cash-flow problems faced by the Government, your request for the recruitment of the above officer will hold until next year ... as directed’ (Memorandum 29 September 1996). There is very little chance that the new system will encourage trained personnel to go back to rural areas. This is due to financial inability on the part of the national government to attract qualified people to rural areas.

The system envisaged by the 1996 PGA, apart from its constitutional flaws, does not deviate greatly from that established by the structure under the Provincial Government Act 1981. The central government controls the resources and destinies of the rural populace through legislative, financial and economic powers. Solomon Islanders are in this sense aliens in their own homes. Decentralisation in the Solomon Islands may be better able to address development issues if political power as well as economic power is decentralised. Only then can dependency by provincial governments on the central government be minimised and development efforts become effective.

Conclusion

It is not the intention of this paper to say what type of structure should be adopted in Solomon Islands. The decision must involve a majority of the population in Solomon Islands because they will be affected by the system when implemented. Nevertheless, the following points should be considered when attempts are made to change or improve the decentralised provincial government system in the Solomon Islands.

The problem with the 1996 PGA was the absence of community participation in its conception—its formulation and promulgation. The new system was created by officers in the Ministry of Provincial Governments and the Cabinet. The idea was originally raised by the National Coalition Partners (NCP) government led by the former Prime Minister, Francis Billy Hilly. It should be pointed out that the main person behind this idea in the first place was a member of parliament from an area where the chieftainship system was recognised. Unfortunately, when the present Solomon Islands National Unity and Reconciliation Party (SINURP) government came into power after overthrowing the NCP leadership, they revived the idea. The Bill was received without critical discussion and debate. At the same time, there has been an unfriendly relationship between

provincial government politicians and those in the central government. Unless the Ministry of Provincial Governments engage people in political and administrative post in the various provincial governments when making amendments or changes to the present system, this antipathetic relationship will continue and may eventually lead to severe political instability.

Solomon Islands could solve the issue of the duplication of duties and unnecessary spending of money on the structure by making amendments to the *Provincial Government Act 1981* to facilitate the improvement or abolition of area councils. Churches, communities, village leaders and sports organisations could take care of area councils' tasks, as has been the case. Apart from being a cost-cutting measure it would also streamline decision-making. If provincial assembly members assumed the responsibilities of area councils, with the help of non-formal community-based organisations, the provincial members would be more fully utilised—identifying development needs and reporting them directly to provincial assemblies.

One approach to restructuring the provincial government system would be to link the provincial executive directly to the central government through the provincial affairs section. This could include an annual meeting with all provincial premiers and senior officers—something more constructive than the annual premiers' conference. Instead of using the annual meeting as a chance to negotiate grants, it could be used as a time to evaluate and analyse progress in provincial and rural development. This would allow the Ministry of Finance and the Accounts section of the Ministry of Provincial Governments and Rural Development to give professional advice on spending and suggestions on improvements. This would also enable the evaluation of provincial plans and targets and the sharing of information on strategies to improve the effectiveness of the provincial government system, based on individual province's experiences that year.

The constitution of Solomon Islands should be reviewed to cater for new changes in the provincial government structure and a decentralised system of government that genuinely caters for the affairs of the rural populace must be put in place. The lack of national consciousness, and the subsequent fear of domination and land alienation by 'strangers' has led to provinces calling for more autonomy and power to control the movement of people. A Federal or Confederal system of political organisation would be appropriate to cater for the aspirations and desires of provinces. Unless the principal

obstacles to unity such as land issues, the movement and resettlement of people, and unequal distribution of benefits are addressed, decentralisation may not promote meaningful development of the Solomon Islands.

Notes

- 1 This is contradictory to the present calls by the Bougainvillians to attain full independence from the rest of Papua New Guinea. It is possible that devolution of political power alone is not enough to contain secessionist behaviour. Political devolution has to come with economic devolution before unity is assured as can be seen in this particular case. Decentralisation may encourage disunity through secession when people, because of decentralisation, began reasserting their different identities.
- 2 Solomon Islanders prior to that period were never governed in big groups or island groupings. It was common to find small communities with a few hundred members, ruling themselves in their own ways.
- 3 Fieldwork referred to here was carried out by myself for the purpose of writing a Masters thesis at the University of the South Pacific. Most of the ideas in this chapter are borrowed from that piece of academic undertaking.
- 4 I am using the word chief here in the context of the Big-man system which is widely known in the Solomon Islands.

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The Sandline International controversy in Papua New Guinea¹

Henry Ivarature

On Sunday, 23 February 1997, the leader of the People's National Congress Party and Governor of the National Capital District, Bill Skate, appeared on local television and attacked the government over its decision to engage foreign mercenaries on the troubled island of Bougainville. He was responding to a newspaper report in the *Weekend Australian*, which quoted sources inside the government that the National Executive Council (NEC) had approved the hiring of Sandline International to plan and execute a surgical strike against the Bougainville Revolutionary Army (BRA) leaders in Central Bougainville. The *Weekend Australian* reported that foreign mercenaries had been flown to Wewak in East Sepik Province in two Russian military cargo planes under the flag of Bulgaria's Air Sofia. The mercenaries had been training in PNG for over two weeks. Skate described the NEC's decision as tantamount to the introduction of a private army and an insult to the Papua New Guinea Defence Force (PNGDF). His views were fuelled by the failure of the government to finance the PNGDF's operation on Bougainville adequately, and yet their preparedness to spend millions on foreign mercenaries to execute its own citizens. The news of the mercenaries also prompted the Prime Minister of Australia, John Howard, to raise Australia's concern with the Prime Minister of Papua New Guinea Sir Julius Chan about Papua

New Guinea's return to a hard-line approach on the Bougainville crisis. Only a week before the news emerged, the Australian Minister for Foreign Affairs, Alexander Downer, had visited Papua New Guinea and had pledged to give A\$4 million in aid to Bougainville through the Red Cross organisation.

Sir Julius Chan when queried by journalists neither confirmed nor denied the newspaper reports. Instead, he said that since the matter concerned national security, he needed time to consult the NEC, the Minister for Defence, and the National Security Council. Nevertheless, his response to questions from journalists hinted the engagement of mercenaries.

PNG, as a country, must think for itself on how best to keep the presence of the Defence Force (on Bougainville) and how best to equip it there. I mean, we have to look at all aspects of how best we can do it (*Post-Courier* 24 February 1997).

On the following day, he brushed aside the reports as sensational, inaccurate and a 'beat-up' (*Post-Courier* 25 February 1997). But he confirmed that the government had engaged Sandline International to provide military training and logistical support for the PNGDF as allegedly stipulated in a Defence White Paper.² The PNGDF did not comment on the engagement of mercenaries but confirmed that soldiers were undergoing 'specialist training' (*Post-Courier* 26 February 1997).³

The political and legal challenges for the state, the Prime Minister and the government

Sir Julius' initial attempts to neither deny nor confirm the engagement of Sandline International, only served to increase political pressure from Australia and from within the country.⁴ The Australian Prime Minister warned of the long-term damage that this deal would have on Papua New Guinea's international standing, maintaining that, 'any use of mercenaries would be absolutely and completely unacceptable' (*Post-Courier* 25 February 1997). The fact that Australia provided A\$320 million in aid to Papua New Guinea meant that the Sandline arrangement could not be easily brushed aside. The Australian Democrats called for a review of the Defence Co-operation Program, saying that Australia was a potential accomplice to human rights abuses (*Post-Courier* 25 February 1997).⁵ The issue, according to Senator Margetts, was not only PNG's proximity to Australia, but also

the level of aid provided (*Post-Courier* 6 March 1997). As the tempo in the mercenaries issue increased, the call for Australia to make use of its annual foreign aid allocation as a bargaining chip also increased. The Australian Prime Minister's comment below on Australian Broadcasting Corporation's Radio National appears to have been motivated by this argument for using aid as a diplomatic weapon.

I don't want anybody to doubt that we have put that view very strongly to the PNG cabinet. But it [PNG] is an independent country with all the sensitivity of a former colony to a former colonial power. It is always going to be a relationship that has to be handled with tact, care, and sensitivity (*Post-Courier* 6 March 1997).

The Australian Minister for Foreign Affairs was especially concerned that insensitive and tactless public comments regarding Australian aid to Papua New Guinea, such as those posed by the Opposition spokesperson for Foreign Affairs Laurie Brereton, could spark unwelcomed setbacks (*Post-Courier* 6 March 1997).⁶ Nevertheless, political pressure continued to come from both government and non-government sectors to review Australia's aid package to Papua New Guinea.⁷ Sir Julius and the Minister for Defence, Mathias Ijape, further attempted to quell the critics by stating that the mercenaries would not be deployed to the front-line in Bougainville. Instead, Sandline International personnel would assume the role of 'consultants and trainers' (*Post-Courier* 24 February 1997). This failed to convince the Australian Prime Minister. Moreover, his senior Cabinet colleague, the Australian Minister for Foreign Affairs, Alexander Downer confirmed that organisers of the mercenary force had written to the Cairns Base Hospital in Australia, seeking facilities to handle casualties (*Post-Courier* 28 February 1997).

On Sunday, 9 March 1997, the Australian Prime Minister, John Howard, met Sir Julius in Sydney as part of his ongoing effort to persuade Papua New Guinea to abandon the mercenary deal. Howard appeared to renege on Australia's ban on the provision of military aid to the PNGDF, a provision he preferred rather than the mercenary arrangement, but no agreement was struck between the two leaders (*Post-Courier* 11 March 1997). Sir Julius continued to reiterate that Papua New Guinea was an independent, sovereign state, and had hired Sandline International as 'advisers and instructors' in the best interest of the country. In other words, Australia should not meddle in the internal affairs of Papua New Guinea. Sir Julius and the Minister for Defence also reiterated the views expressed by the anonymous

senior government official that Australia, in the past 21 years, has failed to improve the firepower and manpower capabilities of the PNGDF. According to Sir Julius, an Australian journalist had caused the current furore by using the word 'mercenaries', when the government had contracted 'consultants, advisers, and military instructors' (*Post-Courier* 14 March 1997). However, the Prime Minister's earlier denial that the military consultants would not be deployed to Bougainville was retracted (*Post-Courier* 17 March 1997). He confirmed that some military consultants would be deployed to Bougainville, especially to train PNGDF pilots to fly the new helicopters. Sir Julius was adamant that the Sandline International contract would not be cancelled.

Other countries including New Zealand, Solomon Islands, the United Kingdom and the United States also joined Australia to condemn Papua New Guinea. Both the Australian⁸ and New Zealand Ministers for Defence indicated their intentions to have the defence co-operation programs with Papua New Guinea reviewed (*Post-Courier* 25 March 1997). The Australian Minister for Defence was especially keen on examining all avenues to convince Papua New Guinea into reneging on the use of mercenaries (*Post-Courier* 25 March 1997). However, both countries agreed that their training programs were not as successful as they had hoped. Both countries stated that they planned to take stronger diplomatic action against Papua New Guinea, through the South Pacific Forum. The Solomon Islands even threatened to bring Papua New Guinea before the International Court of Justice. Its immediate concern was on the possible far-reaching effects of the use of mercenaries and the destabilising effect it would have on the region. According to the Acting Prime Minister of the Solomon Islands, previous military operations on Bougainville had led to increases in cross-border violations into Solomon Islands territory (*Post-Courier* 28 February 1997). The use of mercenaries, he believed, would not only increase cross-border violations, but also the inflow of civilians from Bougainville into the country.

Senior PNG statesmen and leaders were equally critical of the Sandline International contract. Amongst the most critical was the regional member for Bougainville, John Momis. He accused Sir Julius of being hypocritical in publicly proposing and supporting a peace plan, while secretly plotting a military operation (*Post-Courier* 26 February 1997). He later described the Prime Minister's action as an insult to the security forces and the people of Bougainville for

allocating K33.6 million for a rambo-type operation when Bougainvilleans suffered from a lack of essential services and while the security forces suffered a lack of proper logistics. In contrast, the Leader of the Opposition, Roy Yaki, supported in principle the government's initiative but only if they were genuinely engaged in military training and development (*Post-Courier* 6 March 1997). Australia's intense interest in the Sandline International contract initially angered two senior Members of Parliament—Roy Yaki (Leader of the Opposition) and Bernard Narokobi (member for Wewak Open Electorate), both of whom labelled Australia's reaction as interfering and patronising. Yaki further clarified that while he

... [did] not agree with the way the 'private government army' had been hired, the Australian government had no right to exert pressure or make threatening overtures to Papua New Guinea (*Post-Courier* 27 February 1997).

Yaki, although concerned about the Sandline contract and its implications for the Bougainville crisis, was not impressed by the growing pressure from Australia, and accused the former colonial government of having a hidden agenda. As far as he was concerned, the decision to engage Sandline International was taken by a legitimate government, however right or wrong that decision might have been viewed. Australia's attitude and Yaki's response were fuelled by Sir Julius' reluctance to provide access to all the information regarding the mercenaries. Yaki was also critical of Sir Julius over what he termed as 'jumping to another ad hoc initiative, in desperation to solve the Bougainville crisis, instead of attempting to identify other peaceful initiatives' (*Post-Courier* 27 February 1997). He also challenged the Prime Minister in the following statement.

What [had] happened to the government's peace initiative [for which] it had pumped so much money and effort...? [Had] the government abandoned all of it for another tactical military operation? What is the guarantee that any military operation will not achieve its desired results before it would be called off like Operations High Speed I and II? We have witnessed so much money [that had been] allocated to the Bougainville operations go down the drain without achieving any satisfactory result—all because there is no real political will and commitment by the leadership of this country (*Post-Courier* 27 February 1997).

Senior Bougainvilleans inside Bougainville observed the Sandline contract with caution. The Premier of the Bougainville Transitional

Government (BTG), Gerard Sinato reminded the government about the Mirigini Charter which sought consultation with the BTG (*Post-Courier* 25 February 1997). Also supporting the call for peaceful negotiations on Bougainville, yet in another form, was Archbishop Karl Hesse, the Roman Catholic Church leader of the largest religious following on the island.

The exposure of the Sandline International contract posed a serious threat for the government's peace initiative—the Peace Strategy for Bougainville. This peace strategy, which is an initiative of the Minister for Provincial and Local-Level Government, Peter Barter, calls for the opening of dialogue amongst all Bougainvilleans involved in the conflict, the restoration and recognition of the authority of the chiefs, and the restoration of essential services. Also referred to as the three-Rs policy, this peace plan seeks to reconcile, restore, and rehabilitate.

In the midst of the Sandline controversy, the Prime Minister, suddenly announced early in March 1997 the government's intention to purchase the Panguna Mine on Bougainville (*Post-Courier* 3 March 1997).⁹ The Prime Minister alleged that he was forced to make a premature statement about the government's plans because of increasing press speculation, resulting from the leaked government plans to the media. The Deputy Prime Minister also confirmed Sir Julius' plans when he told reporters that he had been in Hong Kong, where the terms of reference for the buy-out were set with the brokers, Jardine Fleming of Hong Kong.¹⁰ Sir Julius stated that his government planned to purchase 53.9 per cent of RTZ-CRA's interests, and gain control of the mine. The Panguna mine, according to Sir Julius, was the root of the Bougainville conflict, and therefore, the government's plan to purchase majority shares in the copper mine was crucial for a fair and lasting solution (*Post-Courier* 3 March 1997). The *Post-Courier* reported RTZ-CRA had asked for a firm proposal from the government, but did not received one, however, the major shareholder did not believe that the engagement of mercenaries would solve the Bougainville crisis (*Post-Courier* 3 March 1997).

Military analysts observed that companies such as Executive Outcomes had been used by large resource development companies and governments, to protect mining and petroleum assets, in return for mining and petroleum concessions (*Post-Courier* 7 March 1997). Executive Outcomes apparently received oil concessions in Angola, and rights to diamond mines in Sierra Leone. Speculation that Sandline International would receive shares in the Panguna Copper

Mine was, however, rejected by the Deputy Prime Minister (*Post-Courier* 3 March 1997). Sandline International senior executive, Tim Spicer, also refuted claims that payments might include shares in some PNG resource projects (*Post-Courier* 7 March 1997). However, according to stockmarket analysts, the fact that RTZ-CRA held onto its shares throughout the duration of the Bougainville crisis proved that it was in no hurry to get rid of them (*Post-Courier* 4 March 1997). In 1996, the Panguna mine was estimated to be valued at about A\$254 million (K276 million) and its worth was expected to increase to about A\$551 million (K600 million) if the mine is reopened for production. At an unlikely selling price of A\$1 per share, this would place the market value of the Panguna mine at A\$401 million. According the Deputy Prime Minister, Chris Haiveta, the government would offer between K50 million and K100 million to RTZ-CRA for its 53.9 per cent equity in the Panguna mine, even though, the stock exchange valued the stake at about K135 million (A\$125 million) (*Post-Courier* 5 March 1997). The government then planned to float the mine on the market after purchasing the RTZ-CRA shares. The public's response to the proposal was mixed.¹¹ On 6 March 1997, the Deputy Prime Minister revealed that RTZ-CRA had agreed to negotiate a sale price, and that the NEC had given its approval to secure funds, and to begin negotiations (*Post-Courier* 7 March 1997). The Deputy Prime Minister also stated that a substantial number of the shares from the Panguna mine would be given free to landowners and other Bougainvilleans. However, two days after this proposal was mooted by the government, the Chief Executive of RTZ-CRA, Leon Davis, revealed that the company did not receive any offer or proposal from the government to purchase its majority shares (*Post-Courier* 20 March 1997). Prior to the revelation that the government was planning to use mercenaries to regain control of the mine, heavy trading in Bougainville Copper Limited (BCL) had taken place (*Post-Courier* 10 March 1997). The *Sydney Morning Herald* alleged that senior members of the government might have been involved in the trading. More than one million shares in BCL were purchased for around 60 cents each on 14, 18 and 19 February 1997.¹²

Sir Michael Somare and his National Alliance group were among the first group of leaders to call for the immediate resignation of Sir Julius and his government (*Post-Courier* 4 March 1997). The National Alliance considered the government's Bougainville initiative as the biggest public finance and public scandal since Independence, and

one that was intended to liquidate citizens as well as BRA leaders. Moreover, they contended that the decision amounted to a flagrant and seditious usurpation of the Constitution. The decision, according to them, also seriously undermined the authority of the national parliament on matters that affected the national budget and the *Public Finances (Management) Act* with regard to decisions on major financial commitments. The Opposition spokesperson for Finance, Masket Iangalio, added to the list of those who should resign over the Sandline International deal, the Governor of the Bank of Papua New Guinea (*Post-Courier* 10 March 1997). The political direction that forced him to authorise the transaction outside the budgetary procedure was illegal. The Governor, according to Iangalio, would have known this when he authorised the transfer of K33 million to an unregistered company (*Post-Courier* 10 March 1997).

In a bid to stymie the Sandline contract, a private lawyer and an intending candidate for the 1997 National Elections, Rimbink Pato mounted a court challenge against the government to prevent the deployment of mercenary personnel on Bougainville (*Post-Courier* 6 March 1997). The lawyer contended that the Prime Minister and the Deputy Prime Minister had hidden K33 million in a defunct company, the North Fly Development Corporation Propriety Limited (Roadco), and planned to spend it for a purpose which the national parliament had not heard of, or approved. He contended further, that both men had set out to deceive the World Bank and the IMF and had thereby destroyed the country's reputation for honesty and truthfulness.¹³ The motion, which sought an interim injunction to prevent the state from using public funds to hire and deploy mercenaries on Bougainville, was refused by the National Court on 6 March 1997, but deferred to the following Wednesday. The presiding judge agreed that the matter was of great significance and concerned the country's national security. The lawyers preparing legal proceedings for Rimbink Pato claimed that they had documents showing that K20 million had been remitted from the country. Due to lack of evidence the National Court threw out the motion filed by Pato.

On 12 March 1997, the government sought a court injunction to prevent the publication of state documents on the Sandline contract because all documents pertaining to the mercenaries deal had been 'sworn to secrecy' (*Post-Courier* 13 March 1997). The parties identified in the Secrecy Act were the Deputy Prime Minister, the North Fly Development Corporation Propriety Limited, and the Director of the

National Intelligence Organisation (NIO) (*Post-Courier* 27 February 1997). The NIO also sought a court order to prevent the disclosure of certain state documents labelled as 'top secret' and privileged information under the NIO Act, especially since the case concerned matters affecting national security (*Post-Courier* 17 March 1997). In all, seven state documents were classified as top secret. The officials representing the government, Warner Shand Lawyers, the Department of Finance, the Papua New Guinea Banking Corporation, the Bank of Papua New Guinea, and the State Solicitor's Office were signatories to the declaration of secrecy.

Individual and Community Rights Advocacy Forum (ICRAF) also served a legal challenge on the government on 12 March 1997 (*Post-Courier* 13 March 1997). ICRAF challenged the legality of the government's use of members of the PNGDF on Bougainville. In one of two separate applications, ICRAF sought the enforcement of Section 57 of the Constitution for thousands of Bougainvilleans, and other Papua New Guineans, who have died or suffered since the crisis began in 1988. ICRAF argued that the Prime Minister, the Deputy Prime Minister, and the Minister for Defence waged an unconstitutional and unlawful war that resulted in death and suffering and thereby deprived individuals of their rights provided under the Constitution. ICRAF believed that the three respondents, collectively or individually, violated Sections 200, 202, 203, 211, and 212 of the Constitution. These sections of the Constitution covered unauthorised forces, the functions of the PNGDF, the application of the general law, the accounting of public finances and the generation of revenue and expenditure of public finances without the prior approval of relevant government bodies. ICRAF argued that the PNGDF's role is to render support to civilian power, which, as stipulated in the Constitution, is the function of Royal Papua New Guinea Police Constabulary. ICRAF argued that the PNGDF should not be directly engaged in internal military operations. A sobering warning of the jurisdictional implications in engaging mercenary organisations such as Sandline International came from Amnesty International. Mercenaries, according to Amnesty International, operate outside the normal criminal justice system, and on the fringes of military command structures (*Post-Courier* 10 March 1997). The human rights organisation warned that, 'if human rights violations result from their deployment, it is much harder to hold them to account than regular members of the security force because such

personnel can exit from the country, and escape accountability' (*Post-Courier* 10 March 1997).

An impromptu survey of the general public's opinion on the Sandline International contract throughout the country, found the government's move to be highly 'unpopular' (*Post-Courier* 7 March 1997). In general, people considered the exercise to be very expensive, and Bougainvilleans were not enemies, but brothers. All the people interviewed believed that the crisis could be addressed and solved internally. Also at stake were the lives of the five security force members who were still held captive by BRA rebels at Laguai in Buin, South Bougainville.

The intervention of Singirok: 17 March 1997

Up to 16 March 1997, the only comment from members of the PNGDF on the Sandline contract came from the operations officer at Moem Army Barracks, who praised the quality of training and the equipment brought in by the 'military consultants'. Much of the public comment was left entirely to the politicians—that is, until Brigadier-General Jerry Singirok went on the government-owned Radio Kalang talk-back show to announce that he had cancelled the Sandline International contract. During the broadcast, Singirok also issued an ultimatum to the Prime Minister, the Deputy Prime Minister, and the Minister for Defence to resign from office within 48 hours of his announcement, and to make way for a Commission of Inquiry to investigate the Sandline International contract.

The dramatic events surrounding Singirok's action began at 6 am on 17 March 1997, when he met with the Commissioner of the Royal Papua New Guinea Constabulary, Robert Nenta at his residence in Murray Barracks, in order to solicit the Commissioner's support (*Post-Courier* 24 March 1997). Singirok believed that Nenta had given him assurance of his full support. Then at his conference room, Singirok, in the presence of the Police Commissioner, briefed his principal officers in relation to his plans. At 8.30 am, a letter written by General Singirok, expressed his lack of confidence in the leadership of the Prime Minister and was delivered by hand to the Prime Minister's staff.¹⁴ A parade of soldiers was staged at Murray Barracks at 9 am where Singirok told the soldiers of his plan to go public and about his letter to the Prime Minister. Then at 10 am, Singirok and Nenta, along with a truckload of soldiers, drove to Government House at

Konedobu, so that both men could brief the Governor-General (*Post-Courier* 24 March 1997). At 11 am, accompanied by both armed and unarmed soldiers, Singirok told the nation of his actions and issued his ultimatum during the Kalang program. After this historic broadcast, he left for Murray Barracks to prepare for a press conference with journalists and representatives of diplomatic missions. Shortly after the Brigadier-General's live broadcast, the National Broadcasting Commission received instructions from the government barring all news items on the issue. At about 1:45 pm, Singirok held a press conference to explain his position, to answer questions from the media, and then handed out copies of the statement which he had read at the Kalang radio studios. He assured diplomatic missions that there was no military coup and that they were in no danger since earlier at midday, news of a military revolt had spread across the country and overseas.

The Governor-General arranged to give a press conference at about 3:15 pm but this was cancelled without any reason given (*Post-Courier* 24 March 1997). Instead, the Prime Minister held a press conference in the evening at 6 pm to inform journalists that he had no intention of resigning. His mandate as a parliamentarian, he argued, had come from the people of his electorate. His mandate as the Prime Minister of Papua New Guinea, he continued, had come from the national parliament.

The Police Commissioner, Robert Nenta, and the President of the Police Association, Aloysius Eviaisa, then distanced the Royal Papua New Guinea Police Constabulary from Singirok's actions (*Post-Courier* 24 March 1997). Eviaisa later retracted his stand and pledged his support for Singirok (*Post-Courier* 24 March 1997). When questioned by the media about his role in the activities leading to Singirok's public statement, the Police Commissioner neither confirmed nor denied the allegations (*Post-Courier* 18 March 1997). He claimed that he was misquoted by the overseas media and insisted that both men had been playing their constitutional roles. The dramatic events that eventuated, as far as he was concerned, had nothing to do with him. Asked whether he had met with Singirok, the Police Commissioner replied evasively, 'All I'm saying is that you didn't hear it from me' (*Post-Courier* 18 March 1997). He later retracted and admitted that he did meet with Singirok, but only as two professionals. He claimed that when Singirok raised the subject of Sandline International, he had no idea of the Brigadier-General's intentions (*Post-Courier* 19 March 1997).

Nenta maintained that he refrained from participating only after receiving sufficient information on the proposal. That was the last major public statement Nenta made concerning the Sandline affair. Throughout the duration the Police Commissioner remained resoundingly silent on the subject and has kept a low profile.

Singirok is sacked as Commander of the Papua New Guinea Defence Force

Approximately one hour after the Prime Minister's press conference, the NEC convened to consider the fate of Brigadier-General Singirok. At approximately 8:30 pm that night, the Prime Minister's Office released a statement that announced that Singirok had been sacked and that Colonel Alfred Aikung had been appointed as Acting Commander of the PNGDF (*Post-Courier* 18 March 1997).

On Tuesday 18 March 1997, a large crowd gathered outside Murray Barracks, forcing a section of Hubert Murray Highway to be blocked off at the Taurama traffic lights (*Post-Courier* 18 March 1997). The crowd was addressed by a combination of non-government organisations led by Melanesian Solidarity Incorporated that had gathered in support of Singirok's action. Singirok was issued his letter of revocation on that day at about noon. He maintained that the issue of the Sandline International contract remained open. Earlier in the morning, he held a military parade to ask the soldiers and officers to uphold the laws of the country and support the Acting Commander. The command of the PNGDF was handed over to Colonel Aikung at the Commander's office and Singirok moved into his residence where a faction of the soldiers who remained loyal to him kept vigilant watch throughout the crisis. The Prime Minister later told reporters that Singirok had been sacked because 'he was guilty of insubordination which bordered on treason' (*Post-Courier* 19 March 1997). Elaborating further, the Prime Minister said that Singirok had acted in a most inappropriate manner that amounted to a military coup (*Post-Courier* 19 March 1997).

The Prime Minister confidently claimed that Colonel Aikung enjoyed 'popular support among his peers' (*Post-Courier* 19 March 1997). The events that unfolded revealed otherwise, and Aikung became isolated. In fact, he was placed under house-arrest by soldiers who were loyal to the sacked Commander. Four days later, his private vehicle was seized, driven outside the single quarters and burned,

again by soldiers loyal to Singirok. Out of fear for his life, he fled with his family from their military home in Murray Barracks (*Post-Courier* 18 March 1997). Apparently, Colonel Aikung had been previously linked to a corrupt deal with a Malaysian company over a PNGDF housing scheme (*ABC Foreign Correspondent* 1 April 1997). Allegedly, the burned vehicle symbolised that corrupt housing deal. With an Acting Commander who lacked the support of the army, the National Executive Council was left with little alternative but to identify a new Commander who would win the approval of the soldiers. Consequently, Colonel Aikung's appointment was rescinded and he was replaced by the Chief of Staff, Colonel Jack Tuat on 24 March 1997. However, the military faction that had remained loyal to Singirok, set up a Crisis Management Committee under the leadership of Colonel Alan Pinia (*Post-Courier* 21 March 1997). This Committee, although highly irregular and improper, was useful, given the volatile split within the military. The temporary command structure offered some control and discipline. Behind all this, Singirok remained the undisputed *de facto* Commander of the PNGDF.

Singirok's allegations

The *Post-Courier* published Brigadier-General Singirok's address on 18 March 1997 in which he outlined several reasons why he chose to terminate the Sandline contract and why he had called on the Prime Minister, the Deputy Prime Minister, and the Minister for Defence to resign. First, he claimed that he was forced to go public about the Sandline contract because the Prime Minister, the Deputy Prime Minister and the Minister for Defence had made numerous false and misleading statements on the matter. For example, he noted that the media statements by two senior politicians suggesting that he went on a shopping trip for military hardware in Singapore was untrue. Singirok claimed he had gone to the Philippines on 23 to 28 February, at the invitation of the Philippines Armed Forces Commander. Second, he considered the decision to engage Sandline International to carry out operations on Bougainville to be professionally and ethically improper, especially when the security forces could be re-equipped and their morale significantly boosted for the same money. The PNGDF, he argued, had managed to contain the uprising on Bougainville for the last nine years, despite the neglect by successive governments in providing resources and funding for vital allowances.

Third, he believed the use of Sandline International on Bougainville would be counter-productive because the arsenal intended for the operation was totally destructive against humans and the environment. The problem on Bougainville did not warrant the use of such a destructive arsenal. The direct consequence of this, Singirok claimed, would lead the people to turn against the government and the PNGDF.

Fourth, he argued that the Sandline International contract did not cater sufficiently for the transfer of technology and skills. Furthermore, the military equipment did not conform to the plans outlined in the Defence White Paper. The equipment only served the financial interests of Sandline International because the PNGDF could not sustain their use, unless the government extended Sandline International's contract for a suitable duration. According to Singirok, the monthly contractual costs alone was equivalent to one-third of the PNGDF's annual budget. Such astronomical costs would be less transparent, if the government sought to negotiate between governments to provide for long-term training, and development at shared costs. The contract was not only tenable after the initial three months, but renewable for one year, which meant that the government would spend well over US\$120 million or K166 million. Furthermore, arrangements between governments within military agreements are long lasting, and are pursued in the spirit of friendship. If the government purchased the military hardware through government-to-government arrangements, the deals would be even more transparent.

Fifth, the government's decision to engage Sandline International to conduct an operation on Bougainville undermined the potential of its own military and security establishment, and would demoralise the soldiers and officers who would remain after the military company had departed. The sixth factor, according to Singirok, was that the government refused to terminate the Sandline International contract, despite being advised by him, and other government advisers. He claimed that others who had assisted in finalising the contract had discovered major flaws. The government was bent on reopening the Panguna mine without consideration for the long-term implications, and without addressing issues of peace on the Island. The politicians overruled the advice of professionals. Singirok later revealed that the Deputy Prime Minister had placed enormous pressure on him to sign the Sandline International contract in September 1996. Under such political pressure, he doubted that his objections would have made

any difference but would instead result in his premature sacking. In September 1996, according to the Australian Broadcasting Corporation's (ABC) Foreign Correspondent program, former Brigadier-General, Ted Diro was approached by Sir Julius and asked to return to active service and take over Singirok's job. Singirok claimed that, at about this time, he informed the Prime Minister through the National Security Council, that he was under pressure from the Deputy Prime Minister. Thus, if the bureaucratic process did not prevent the contract from being approved, then, in Singirok's view, it would not have mattered whether he raised the issue earlier or not.

Singirok claimed that Sandline International executives were given direct access to the Prime Minister, the Deputy Prime Minister and Minister for Finance, and the Minister for Defence. Yet, the bureaucratic and security professionals were given no role in decision-making and only complied with the directions issued by the politicians. According to Singirok

[T]he checks and balances which filtered and assessed the decisions became mere rubber stamps in the Sandline International contract, which resulted in an expensive contract which posed serious social, security, economic and political implications for Papua New Guinea (Singirok 18 March 1997).

The seventh factor bordered on corruption. According to Singirok, most of the military hardware that had been purchased from Eastern Bloc countries, was either obsolete, or not in high demand. Sandline International, he alleged, had acquired the arsenal at cheap prices, and sold these at exorbitant prices to Papua New Guinea. He alleged that high percentage commissions might have been paid to all parties who were involved in the deal. He also claimed that it was highly suspicious that the first transfer of US\$18 million was remitted to Hong Kong, when the Deputy Prime Minister and the Minister for Defence were there with Sandline International executive, Tim Spicer between 12–14 February 1997. According to Singirok, this meeting could not be coincidental. What were they doing with Tim Spicer in Hong Kong at that time, he asked? The eighth factor was speculative. Sandline International, Singirok speculated, had used the PNGDF, as a front to equip a private security firm belonging to the Prime Minister.²⁹ He posited that, if this was true, it implied that the government no longer had trust and confidence in the Police Force, and would empower private security firms to use arms and explosives, which had

been intended to protect the lives and property of money-centred companies.

Singirok applauded the move by the government to seek military assistance outside of Papua New Guinea's traditional partners because he felt that neighbouring countries had their own strategic and security interests to protect, and were less sensitive to Papua New Guinea's security needs. He acknowledged the government's decision was one that had been made by a sovereign, independent state, but argued that such a decision should have been guided and be based on the PNGDF's own schedule, as stipulated in the Defence White Paper. The government's reference to the Defence White Paper for the Sandline International contract was incorrect, and was nothing more than a poor attempt to justify the deal. Finally, Singirok alleged that the Sandline International contract was one amongst many dubious deals in which the government squandered large sums of public finances without proper accountability and transparency.

Political responses, constitutional and legal challenges to Singirok's action

According to prominent constitutional lawyer and President of the Papua New Guinea Law Society, Loani Henao, Brigadier-General Jerry Singirok had no authority to call on the Prime Minister to resign (*Post-Courier* 18 March 1997). He was bound to obey the instructions of his Minister, whether he liked them or not. According to Mr. Henao and Sir Julius, Singirok's actions, however he viewed the instructions, only served to promote instability, anxiety, confusion, and unwarranted fear among the people (*Post-Courier* 18 March 1997). Australia, after having reacted strongly to the Sandline International contract with the PNG government, assumed a cautionary stance concerning Singirok's claims. The Australian government was optimistic that the PNG Constitution and the democratic institutions that had come under pressure would rise to the occasion and prevail over the PNGDF Commander's ultimata. The Prime Minister of Australia supported the PNG government's decision to sack Singirok as Brigadier-General but rejected any claim that Australia's campaign against Sandline International may have encouraged and motivated Singirok to take such action (*Post-Courier* 19 March 1997). A delegation of senior Australian government officers, led by the Departmental Head for

Foreign Affairs was dispatched to Port Moresby on 19 March 1997 to hold talks with Sir Julius. Meanwhile, the Australian military had been placed on a 'higher state of readiness' to evacuate Australian citizens in Papua New Guinea if the situation worsened (*Post-Courier* 21 March 1997).

Singirok's role appears to have been a tussle between the military and the democratically-elected government. The Prime Minister was quick to remind the public that, as a democratically-elected government, and as representatives of the people, the legislature and the executive would not be dictated to by the military (*Post-Courier* 18 March 1997). Many people, both inside and outside the country wrongly interpreted news of the latest developments in the Sandline International contract as a military coup. However, the member for Wewak Open Electorate, Bernard Narokobi, interpreted Singirok's action as a manifestation of the military's lack of confidence in the government, democratically-elected or otherwise (*Post-Courier* 18 March 1997). He outlined two options for the Prime Minister if he was to prevent the country from being thrown into chaos. One option was for the NEC to recall parliament so that Sir Julius could tender his resignation and allow parliament to elect a new Prime Minister. The other option was to dissolve the national parliament and hold an early poll to elect a new government.

The sacking of Singirok did not defuse the military operation, code-named Operation *Rausim Kwik*—a plan to deport Sandline International military consultants from the country. The operation of the plan was designed and authorised by Singirok. A senior army officer, Major Walter Enuma, who had been appointed to implement the operation, appeared live on the local television station to state that, despite some objections from some Colonels, the rank and file of the PNGDF supported Singirok's action. In order to quell any civil unrest that might arise from the NEC's decision to sack Singirok, the government airlifted a police mobile squad, based in Goroka, to assist police in Port Moresby. Public servants who worked in the Central Government Building at Waigani, Government House, and Police Headquarters were sent home because of bomb threats. The Leader of the Opposition, Roy Yaki reminded the Prime Minister that he had been warned many times that his style of leadership would bring disaster and chaos to the country (*Post-Courier* 19 March 1997).

Despite international apprehensions and the government's anxiety, Singirok's action received overwhelming public support.¹⁵ Singirok

also drew popular support from the military establishment.¹⁶ A legal challenge was also taken to reinstate Jerry Singirok (*Post-Courier* 21 March 1997). Members of the public gathered at Murray Barracks, Port Moresby, where a political rally was held by non-government organisations. At about 11:30 am, all government offices and most commercial enterprises closed in Port Moresby, fearing the possibility of rioting and looting. The Governor-General also weighed into the Sandline International contract controversy when he made the following statement.

The termites of greed, corruption, manipulation, selfishness, and public abuse of office have reached alarming crisis. We have gone excessively beyond the tolerable levels for national forgiveness from the citizens of the country (*Post-Courier* 19 March 1997).

His statement was published on the same day that some members of the public gathering at Murray Barracks (despite attempts by the organisers of the rally to restrain them) seized the opportunity to loot shops at Taurama Shopping Centre. Chinese businesses, in particular, became the target of looters in Goroka in Eastern Highlands Province, Mount Hagen in Western Highlands Province, and Lae in Morobe Province.

On 20 March 1997, members of the public converged again at Murray Barracks to witness soldiers deliver their petition to the Secretary for Defence. Others, rallied by non-government organisations, staged demonstrations in front of the Australian and British High Commissions. At about 4 pm, soldiers at Murray Barracks gathered to hear the response of Colonel Tuat. In an attempt to disperse the public, police fired tear gas into the crowd, who reacted by fleeing into the military compound. Soldiers were also caught in the tear gas fumes, causing some to conclude that police had fired at them. In the ensuing confusion, some angry soldiers attempted to retaliate and tried to force open the doors of the weapons armoury depot. They were prevented by a junior officer, who held back his colleagues at gun-point—thus averting a possible flash-point between the military and the police.

Six military consultants flew out of Papua New Guinea on 20 March 1997. For security reasons, others who were scheduled to depart from the country were detained at Taurama Military Barracks. According to the officer-in-charge of Operation *Rausim Kwik*, Executive, Tim Spicer, flew out of Port Moresby on the afternoon of 21 March 1997, on a chartered Air Niugini flight to Hong Kong. Spicer

was ordered by the Boroko District Court to remain in the country for illegal possession of unlicensed firearms.

A multitude of social, economic and political pressure finally forced Sir Julius to submit.¹⁷ He established a Commission of Inquiry into the Sandline International contract, to reconsider the contract. Judge Warwick Andrew was appointed by Sir Julius to head the Commission of Inquiry to investigate the Sandline International contract. Two terms of reference were given

- to investigate the negotiations and procedures which resulted in Papua New Guinea entering into a contract with Sandline International, and its engagement to deal with Bougainville rebels
- to investigate contractual or other arrangements made with Sandline International (*Post-Courier* 21 March 1997)

The Commission of Inquiry was given a period of two weeks to finalise its report, and to submit its findings to the NEC. However, these terms of reference did not satisfy the sacked Brigadier-General (*Post-Courier* 21 March 1997). He persisted that the Prime Minister, the Deputy Prime Minister, and the Minister for Defence resign, until after the elections, as they had been implicated in the Sandline International contract. The primary issue in relation to the Sandline International contract concerned corruption which, according to the President of Papua New Guinea Law Society, Loani Henao, should have been added to the terms of reference of the Commission of Inquiry (*Post-Courier* 21 March 1997).

With the final national parliament sitting only a matter of days before the issue of writs for the 1997 National Election, the Prime Minister's political future seemed to weaken when four government Ministers were said to have resigned.¹⁸ The national parliament met on 25 March 1997, and voted on a motion moved by the Leader of the People's National Congress, and Member for the National Capital District, Bill Skate after a debate that lasted for nearly five hours. The motion called for the Prime Minister to resign.¹⁹ The motion, which was later amended for the Prime Minister to step aside, was defeated by 58 votes to 39 votes. Hundreds of people, including PNGDF soldiers, students from the University of Papua New Guinea and leaders of several non-government organisations protested outside the national parliament building. News of the motion's defeat angered the protesters (which included approximately 2,000 members of the public

and 60 soldiers), who subsequently surrounded the parliament and prevented politicians, parliamentary staff, and reporters from leaving (*Post-Courier* 26 March 1997). Several members, including four government Ministers, the Deputy Speaker, and a Highlands Provincial Governor) tried to escape the blockade by climbing over the six-metre tall metal fence that surrounded the perimeter. They were caught by military personnel and were forced to spend the night in military detention. They were later released by the soldiers at the request of the Speaker of Parliament, Sir Rabbie Namaliu. The Prime Minister and the Deputy Prime Minister were escorted out of the national parliament, disguised as policemen. That night, Singirok sent his legal counsel, Peter Donigi, and Major Enuma to assure the Speaker of Parliament of the safety of all the people trapped inside. One group of soldiers told reporters from the *Post-Courier* that they would maintain their blockade until the Prime Minister resigned (*Post-Courier* 26 March 1997).

On 26 March 1997, the Prime Minister relented, and after an emotional speech, announced his decision to step aside. He also instructed the Deputy Prime Minister and the Minister for Defence to step aside. Outside the national parliament building, protesters shouted, waved and danced in jubilation when the news of Sir Julius' decision reached them. Sir Julius stated that he accepted that there was something wrong with his government's decision to engage Sandline International and that the situation had become very tense. The fundamental factors influencing Sir Julius' decision included the importance of upholding the Constitution, the importance of Parliamentary democracy, and the need to ease tensions which had developed over Sandline International. However, the fact that the issue triggered a nerve in the military, and led it to play a pivotal role in this event, sets a potentially dangerous precedent, irrespective of the strength of the Constitution, or Parliamentary democracy.

At the political party level, Sir Julius was accused by a disgruntled Deputy Leader of his People's Progress Party (PPP), Sir Albert Kipalan for betraying the party because he had appointed John Giheno of the Pangu Pati as Acting Prime Minister (*Post-Courier* 2 April 1997). Nevertheless, Sir Julius' decision won the approval and support of the Leader of the Opposition. Inside the legal community, Sir Julius' decision to step aside sparked off interpretations as to the legality of such a decision. According to Rimbink Pato, Sir Julius' decision to

'step aside' as Prime Minister was illegal as there were no provisions for such an action in the Prime Minister's Act. Pato contended that Sir Julius should have resigned (*Post-Courier* 9 April 1997).

However, another prominent lawyer, Loani Henoa queried Pato's interpretation (*Post-Courier* 9 April 1997). The former contended that the Prime Minister's Act provided for such a provision. Henoa outlined the provisions that allowed the Prime Minister to step aside

[W]here a Prime Minister is unable to perform duties of his/her Office for whatever reason; where there is a vacancy in the Office of the Prime Minister; where the Prime Minister is suspended from Office; where the Prime Minister is absent from the country, or where the Prime Minister is out of speedy and effective communication (*Post-Courier* 9 April 1997).

As far as Henoa was concerned, Sir Julius' decision was constitutionally proper.

Pato, nevertheless, remained adamant (*Post-Courier* 10 April 1997). He persisted that since the Prime Minister had not resigned the position fell vacant, because he was neither suspended nor absent from the country, nor out of speedy and effective communication, nor unable or readily available. Therefore, he contended that Sir Julius' action to step aside rather than resign was without legal basis. He argued that essentially nothing prevented Sir Julius from conducting his Prime Ministerial duties and responsibilities. The Constitution, according to Pato, was intended for use by the national parliament to decide who would become Prime Minister if the person were being investigated. Furthermore, Pato argued that a person under investigation should not have the power to determine the terms of reference for a Commission of Inquiry (*Post-Courier* 2 April 1997). However, in political terms, the precedent had been set.

One of the first order of business for Singirok's lawyer, Peter Donigi was to apply to have the terms of reference of the Inquiry widened. Donigi argued that although they specifically covered the engagement of Sandline International, they were too narrow (*Post-Courier* 2 April 1997). The issues, he contended, involved matters more than just the engagement of Sandline International. Donigi also sought to include other decisions made by the government added in the investigation namely, the decision to purchase the Cairns Conservatory in Cairns, Australia; the Oregon float; and the sale of New Britain Oil Palm Development Limited. Singirok too wrote to the Speaker of the national parliament to request that a new Commission

of Inquiry be instituted (*Post-Courier* 3 April 1997). He wanted the new commission to be headed by an indigenous judge and assisted by two senior Magistrates, and also asked that the terms of reference be widened. The Commissioner rejected both Singirok and Donigi's applications. He also rejected the application for Donigi to represent Major Walter Enuma, and some 4,000 soldiers who participated in Operation *Rausim Kwik*. The reason given was that the military operation eventuated after the contractual agreement between the state and Sandline International was concluded.

The revelations from the Commission of Inquiry

The Minister for Defence, Mathias Ijape decided to seek military assistance from private companies after it became apparent that Australia and New Zealand were unwilling to provide the type of military hardware that the PNGDF wanted (*Post-Courier* 28 April 1997). The military proposals from Sandline International were shown to Ijape, Singirok and the Secretary for Defence, James Melegepa in Cairns, after a peace mission between the government and Bougainville leaders during Easter 1996 when the peace negotiations failed to reach an agreement. Thirteen Security Force men were killed at Kangu Beach on Bougainville and five soldiers taken hostage by Bougainville Revolutionary Army rebels soon after the Cairns Peace Talks ended. The Premier of the Bougainville Transitional Government, Theodore Miriung was also assassinated. It was at this point that the Prime Minister and Ijape began to seriously consider the idea of contracting a private security company to assist the PNGDF and to destroy the BRA stronghold (*Post-Courier* 28 April 1997). In April 1996, Singirok travelled to the United Kingdom, accompanied by Vele Iamo (Report of Commission of Inquiry, 1997:20). Singirok met with Sandline Executives and was given a proposal entitled 'Project Contravene'. A copy was sent to the Minister for Defence. The Prime Minister initially rejected Ijape's proposal to engage Plaza 107 (alias Sandline International).

Sandline International (then Plaza 107) contacted the Prime Minister by fax on 16 July 1996, and again on 18 July 1996. In these faxes, the company tendered their proposal on the Bougainville crisis, and suggested that they obtain part-ownership of the Panguna mine as part payment (*Post-Courier* 4 April 1997). Sir Julius stated that he rejected these propositions in September 1996 on the advice of the

Secretary of the Department of Prime Minister, Noel Levi. Initially, Levi had asked the British High Commissioner in Port Moresby about Plaza 107 and was told, without much information, not to 'touch' the company. However, a contact in London was able to furnish him with information by telephone about the firm. The information, which included details about the operational methods of the company as well as its interest in gaining concessions in mineral and petroleum projects was submitted to Sir Julius (*Post-Courier* 4 April 1997). Sandline International, according to Levi, was the third company to offer private military service (*Post-Courier* 9 April 1997). The other offers were made by an organisation from Russia and by an Australian who has since departed from the country. Levi then went on recreation leave but Levi claimed that he discovered later through a briefing given by the Acting Secretary for the Department, and the Secretary for Defence that the government had, without question, engaged the British military firm. No one, according to Levi, told Sir Julius that Plaza 107 and Sandline International were the same entity (*Post-Courier* 9 April 1997).

Project Contravene took on a new life when the Deputy Prime Minister, Chris Haiveta visited London in late 1996 as part of the 'Orogen Roadshow' (Report of the Commission of Inquiry, 1997:23). Tim Spicer, on learning about the 'Orogen Roadshow' contacted Rupert McCowan, the representative of Jardine Fleming on the tour, about Papua New Guinea's interest in purchasing helicopters and mentioned 'Project Contravene'. Haiveta, accompanied by McCowan met with Spicer on 11 October 1996 in London where Spicer discussed 'Project Contravene'. Haiveta invited Spicer to visit Papua New Guinea. Spicer also contacted the Minister for Defence, Mathias Ijape and mentioned the name change of the company from Plaza 107 to Sandline International (Report of Commission of Inquiry, 1997: 24). Spicer and Anthony Buckingham visited Papua New Guinea on 3 December 1996 and met with Haiveta and Ijape and other senior public servants (Report of the Commission of Inquiry, 1997: 24–25). Subsequently, Sandline International was engaged to provide a detailed report on their proposal for a negotiated fee of US\$250,000. Spicer prepared the report in London and returned to Papua New Guinea on 31 December 1996 with the reports. On 7 January 1997, he was introduced to the Prime Minister by Mathias Ijape and supplied him with a summary of the proposal the next day.²⁰ Spicer met the Prime Minister on 8 January and answered questions regarding the

proposal. At the Prime Minister's request, he prepared another summary of what the Sandline proposal offered (Report of the Commission of Inquiry, 1997:25). Sir Julius noted that he had agreed with this proposition, but only on the condition that Sandline's role would be limited to that of 'back-room operators and consultants', and would be subjected to the approval of the Commander of the PNGDF (*Post-Courier* 24 April 1997). The primary desire for Sir Julius was to capture the rebel leaders. But, in the event of operational miscalculations, he hoped that there would be minimal casualties for innocent people. Ideally, he said, he had in mind a military victory without the need for discharging weapons at all.²¹ Project Contravene now had the support of the Prime Minister, the Deputy Prime Minister and the Minister for Defence. At the request of the Minister for Defence, the Commander of the PNGDF prepared a submission that came before the NEC on 15 January 1997.

The government, according to Sao Gabi (Secretary of the Department of Attorney-General, a member of the National Security Council), did not seek legal advice from his office when the decision was made to engage Sandline International (*Post-Courier* 17 April 1997). He further noted that the National Security Council had not discussed the Sandline International contract. Somehow the approval to engage Sandline was taken by the National Security Council on 15 January 1997 without Gabi's knowledge or participation. He said he had learnt of the decision three days later. A draft copy of the Sandline contract was forwarded to him on 24 January 1997, and two days before the contract was signed (29 January 1997), he submitted his views on the matter (*Post-Courier* 17 April 1997).

A meeting was then arranged between the Attorney-General, the Acting Secretary for Finance James Loko, the Secretary for Works and Transport Miria Ume, and the Acting Commissioner-General of Internal Revenue Commission (*Post-Courier* 29 April 1997). Miria Ume was invited so that he could be shown the decision to waive the government's tendering procedures for the contract.²² The Acting Commissioner was consulted for the tax clearance certificate urgently required for importing the military hardware.

The Secretary for Defence, James Melegepa revealed that the government negotiating team, excluding Singirok, carried out the discussions with Sandline International without seeing the documents or the proposal from the company (*Post-Courier* 30 April 1997).²³ The negotiating team comprised himself, Singirok, the Deputy Secretary

for Finance Vele Iamo, and the State-Solicitor Zachery Gelu. Rupert McCowen had also been asked by the Deputy Prime Minister and Minister for Finance to facilitate contract negotiations, apparently conducted during a conference call with the Financial Director of Sandline International. Melegepa also alleged that Singirok did not raise any objections during these negotiations.

Apparently, most members of the NEC ignored the advice and concerns raised by senior bureaucrats from the Department of the Prime Minister, the Department of Defence, the Brigadier-General and the Department of Justice. These men had recommended in a memorandum dated 30 January 1997 to the then Secretary for Finance, Rupa Mulina, that the contract be withheld until certain issues were addressed (*Post-Courier* 4 April 1997). However, the Sandline International contract was signed on the following day.

Financial arrangements

A range of financing options was contemplated in the government payment of US\$36 million to Sandline International. Initially, the government planned to fund the Sandline International contract from the proceeds of the government's share in the Oregon float. At the direction of the Deputy Prime Minister and Minister for Finance, administrative directions were issued to transfer K33.6 million initially from the Bank of Papua New Guinea to the North Fly Highway Development Company (Roadco). However, this arrangement was illegal because Roadco was a de-registered company and this could have resulted in the prosecution of the Governor (*Post-Courier* 21 April 1997).²⁴ The government had also made an agreement with the World Bank and the IMF in relation to the use of the proceeds from the Oregon float. In order to avoid difficulties in this arrangement, the Acting Secretary for Finance was advised by the Governor to renege on the arrangement to have the Oregon float fund the project. The immediate need to finance the Sandline contract was met through a temporary advance from the Bank of Papua New Guinea as a loan by the Department of Finance to Roadco. Subsequently, a cheque of K33.6 million was issued under the PNGDF vote for operational costs and paid to Roadco on 31 January 1997. On the same day, a cheque for K24 million (US\$18 million) was drawn for Sandline International (*Post-Courier* 21 April 1997). Financial reductions from various government departments, and statutory authorities were also identified to repay

the advance from the state. *The Public Finances (Management) Act* limited the Minister of Finance's power to re-appropriate budgetary allocations for only K2 million. The strategy was to legitimise the cuts by later having the national parliament pass and approve a Validation Act or a Mini-Budget.²⁵ Assurances were given by the Department of Finance to reimburse all the government departments affected by the re-appropriations before the end of the 1997 financial year (*Post-Courier* 22 April 1997).

In other words, the contract was funded by a temporary overdraft on the state's bank account, and was to be repaid by an accelerated payment of dividends and taxes collected by various state enterprises. The government estimated that K75 million would be collected by the Department of Finance at the end of May 1997, and this money was to be used to settle the overdraft account (*Post-Courier* 24 April 1997). Taxes and dividends paid by state enterprises are normally collected at the end of the year. But in this case, the Sandline International contract acted to 'accelerate' the collection of total dividends even before these were declared. The Sandline International contract was treated as an extraordinary expenditure, and therefore subject to a Parliamentary Appropriation Supplementary Budget. Budget cuts totalling K50 million were made on all recurrent expenditure for various government departments to fund the payment of the Sandline International contract.

Apparently, the Prime Minister, Sir Julius Chan received verbal assurance from the Deputy Prime Minister, in the presence of the Acting Secretary of Finance, that the money for the Sandline International contract would not be siphoned off from the 1997 National Budget appropriations (*Post-Courier* 24 April 1997). The meeting between the Prime Minister and the Deputy Prime Minister took place before 15 January 1997. Sir Julius was informed that funds for the Sandline International contract could be secured from the Bank of Papua New Guinea in a special arrangement and packaged in a manner which could be considered a loan if the Panguna mine was reopened. Revenue collected between January and February of 1997 had also surpassed the estimated projection of K25 million. The Deputy Prime Minister and Minister for Finance, however, had expected to collect approximately K70 million as dividends from statutory authorities. In light of the positive trends in revenue collection, Sir Julius was confident that the Sandline International contract would be adequately financed. He claimed that if he had been

told that the Sandline contract was to be funded from the recurrent budget, he would have hesitated to go ahead with the contract, especially in view of the cost of the provincial government reforms (*Post-Courier* 24 April 1997). Neither the Deputy Prime Minister nor Minister for Finance liked the idea of funding the Sandline International contract from the recurrent budget. But Sir Julius contended that the contract was an extraordinary financial item, and cutting expenditure from the 1997 National Budget would be the best available option for the Department of Finance (*Post-Courier* 25 April 1997).

In Haiveta's view, it was critical to obtain the funds for the military mission on Bougainville to proceed and to ensure that the Sandline International contract was concluded by 12 January 1997 (*Post-Courier* 28 April 1997). After 12 January 1997, the military mission would become less viable. He was adamant that he had not breached any laws, and was therefore blameless except, that he had tried too hard to implement the decision taken by the National Security Council, and the NEC. He also declared that he had conducted his responsibilities as a Minister of the State with a clear conscience, and vehemently denied receiving any personal benefit from the Sandline International contract.

In the opinion of the Papua New Guinea Banking Corporation Executive Manager for Treasury and International, James Forrester, the US\$18 million that was paid to Sandline International by the government should have been handled by the Bank of Papua New Guinea, and not by the Papua New Guinea Banking Corporation (*Post-Courier* 17 April 1997). Forrester was approached by Vele Iamo (the Deputy Secretary for Finance), and Rupert McCowan of Jardine Fleming without the necessary documents for Papua New Guinea Banking Corporation to seek approval from the Bank of Papua New Guinea to remit the money. He noted that he had raised objections to the proposition but was assured by the Managing Director, Rupa Mulina and the Governor of the Bank of Papua New Guinea, Koiari Tarata that the transaction would be all-right (*Post-Courier* 17 April 1997). The transaction was completed around 6pm on 31 January 1997—on the day the Sandline International contract was signed.²⁶ He claimed he was never aware of what the transaction entailed, although McCowan had mentioned to him that it involved goods and freight.²⁷ An entry in his personal diary recorded how he was annoyed and angered by the forceful and overbearing attitude of McCowan and

Spicer, and his concerns about foreign exchange controls (*Post-Courier* 17 April 1997). Forrester was concerned that foreign exchange regulations may have been violated in remitting US\$18 million to Sandline International in Hong Kong. The key documents—a tax clearance certificate, a legal clearance letter from the State Solicitor, Zachery Gelu, and a letter of explanation from Sandline International authenticating the remittance were not presented. Soon after the first payment of US\$18 million was remitted to Hong Kong, Vele Iamo and Spicer tried to get Papua New Guinea Banking Corporation to send the second instalment. However, the Managing Director had issued instruction not to remit any money until all the required documentation was produced (*Post-Courier* 18 April 1997). The Papua New Guinea Banking Corporation held K25,335,921.14 belonging to Roadco in a 24-hour call account.²⁸ The government is alleged to have also paid a consultancy fee of US\$250,000 to Sandline International for a report even though there was insufficient documentation to justify its payment and it was done outside the government's consultancy procedures.²⁹

Singirok's reasons for terminating the Sandline contract

Jerry Singirok was called to give evidence to the Commission of Inquiry on 8 April 1997. He submitted the US\$400,000 in cash confiscated from Tim Spicer by members of Operation *Rausim Kwik* on 16 March 1997 to the Inquiry. Singirok also produced the original bank cheque of K24,680,000 which had been given to Sandline International by the government as a guarantee for the first payment of US\$18 million. Singirok stated that members of Operation *Rausim Kwik* detained Spicer in order to protect the country's sovereignty and innocent citizens (*Post-Courier* 10 April 1997). Singirok noted that he had decided that if Spicer were allowed to remain free, he could potentially use the weapons in his possession against Papua New Guineans.

Singirok first became aware of Sandline International in February 1996 (*Post-Courier* 9 April 1997). Mathias Ijape who was then Minister for Police introduced the subject to him. Ijape told him that he had been in contact with Plaza 107, and Defence Systems Limited. As Minister for Police, Ijape had initiated the establishment of a Rapid Deployment Unit (RDU) consisting of policemen from the Royal Papua New Guinea Constabulary. Defence Systems Limited had

already provided assistance to set up the Police Tactical Force, replacing the RDU to protect major mining, petroleum, and other strategic installations. The RDU was phased out in 1994 and its activities assumed by the Police Mobile Squad, despite attempts to establish a Police Tactical Force (Dinnen, 1996:170–213). Ijape considered it important to contact Sandline International to discuss the Bougainville operation and solicit their expertise to reopen the Panguna mine. Singirok stated that he had assumed that Ijape and the Commissioner of Police, Bob Nenta were aware of the company's operations in Africa. A proposal was made to amalgamate the Special Forces Unit (SFU) with the disbanded RDU and to place it under the direct control of the Prime Minister (*Post-Courier* 10 April 1997). Singirok told the Inquiry that when he received the directive to relinquish control and command of SFU from the Prime Minister (in a letter from the Acting Secretary of the Department of the Prime Minister), he raised his concerns with the SFU. The major issue concerned the constitutional role of the Prime Minister assuming PNGDF responsibilities. With the involvement of Sandline International in this new establishment, Singirok feared that something similar to a 'Palace Guard' under the direct control of the Prime Minister would have been created (*Post-Courier* 10 April 1997). His immediate concern regarded the issue of PNGDF responsibilities being delegated elsewhere. Nevertheless, neither Singirok, nor other members of the National Security Advisory Council were given the opportunity to discuss the matter with the Prime Minister (*Post-Courier* 15 April 1997). The Prime Minister argued that he proposed to combine the SFU with the [then non-existent] RDU, and as a matter of administrative convenience, to have this body under the National Security Council. He claimed that he had no idea of what 'palace guard' meant, and contended that the proposition was nothing more than an idea (*Post-Courier* 24 April 1997).

The primary objective of the Sandline contract was to secure the Panguna copper mine and reopen it. Initially, the plan was for the SFU to enter certain parts of Bougainville, but when the media exposed the military plan, the strategy was limited to securing the Panguna mine. Singirok told the Inquiry that he did not want his soldiers to risk their lives to reopen the Panguna copper mine merely for a few corrupt leaders. Singirok's distaste for corruption, according to a confidential report from the National Intelligence Organisation (NIO), was a key factor behind the aborted Sandline International contract (*Post-Courier*

14 April 1997). Singirok's actions were not condemned in the NIO report. Rather, it expressed that the NIO appreciated his actions (*Post-Courier* 14 April 1997). According to the report, organisations such as the Ombudsman's Commission, the Police Fraud Squad and the NIO, originally set up to combat corruption, were unable to contain the spread of corruption.

Singirok further alleged that, if payment were not provided to Sandline International, the government would have been forced to mortgage the Panguna copper mine in order to settle the debt. Singirok considered that the Ministers had acted corruptly on several points. First, he felt it was constitutionally improper for such a military operation to be waged on Bougainville where the lives of innocent people would be endangered. The arsenal to be employed in the operation was more likely to cause collateral damage—that is the justification of killing people, or the justification for the damage, and destruction of property within the vicinity of a military target. It was this kind of military attack on Bougainville that prompted Singirok to abort the Sandline International contract (*Post-Courier* 11 April 1997). Moreover, he said his conscience was troubled over the military mission involving precision bombing using rockets launched from attack helicopters, and which would cause the death of innocent people and as well as damage to the environment. 'How do we justify innocent civilians caught in this collateral damage', he asked.

Second, he argued that the deal was corrupt given the government's lack of money to finance the operation and the possibility that Panguna copper mine might have to be mortgaged to settle fees for Sandline International. Third, the fact that the Ministers had breached the government's tendering procedures was sufficient evidence to suggest corruption on the part of these men. Singirok said he was also deeply troubled by the provision in the Sandline International contract which exempted foreign military personnel from being held accountable for war crimes, and other such atrocities inflicted upon innocent civilians, whereas PNG Security Forces did not have this exemption.

Singirok claimed that the morale and discipline of the 4,600 PNGDF soldiers had fallen dramatically. This situation was partly aggravated by the allocation of insufficient funds by successive governments for logistical support and for sustaining the army. Singirok noted that the PNGDF did not even have sufficient uniforms. As a result of budgetary constraints, the PNGDF has not been

adequately provided with logistical support for operations on Bougainville and for effective operations along the border between Papua New Guinea and Indonesia.

Singirok said that he began to have serious misgivings about the constitutionality of the military strike on Bougainville early in March 1997 and that his personal feelings about the contract were based on his Christian convictions (*Post-Courier* 16 April 1997). He said he had confided in his wife, the PNGDF Chaplain, the second-officer-in-command of the SFU, and Colonel Walter Salamas. Both officers, he claimed, also expressed similar reservations. About this time, Spicer told him that the Australian media had compromised Operation Oyster and it was therefore imperative to deploy the SFU directly to Panguna mine. By then, Singirok said his Christian convictions had overwhelmed his professional opinions and he became convinced that the mission was wrong. However, he did not inform the Prime Minister of his decision to abort Operation Oyster and to expel Sandline International from the country (*Post-Courier* 17 April 1997).

On 16 April 1997, Singirok walked out of the Court room angered after Queens Counsel Marshall Cooke called him a liar. The lawyer contended that Singirok had lied when he gave a speech to members of the SFU in Wewak, East Sepik Province in January 1997. Cooke argued that Singirok had incorrectly claimed that the Sandline International issue had caught the army by surprise since he had been aware of Operation Oyster since Easter of 1996. The lawyer also contended that Singirok lied when he told members of the SFU that he had advised the government that Sandline International was not only expensive, but would be using Africans and Afrikaners. Singirok reacted to this accusation angrily, 'Do not call me a liar!' and refused to co-operate with the Inquiry until Cooke apologised (*Post-Courier* 17 April 1997). The Inquiry resumed hearing in the afternoon without Singirok. Cooke refused to apologise, and Singirok's evidence was suspended.²⁹

Final submissions

New developments occurred at the Commission of Inquiry when it resumed for the final presentation of oral evidence. The Commissioner Warwick Andrew and counsel assisting the Inquiry, Ian Molloy travelled to Hong Kong where they spent six days conducting their inquiries. They also collected documents relating to Sandline

International. Marshall Cooke representing the state, having been informed by Molloy that some of the documents collected would possibly have some adverse findings on his clients, applied unsuccessfully for the session to be held *in camera*. Cooke, however, successfully sought for the Inquiry to produce the raw data, information on those interviewed, what the interviewees said, the documents they perused and that the documents would be made available to the other parties. He also argued that Warwick Andrew and Ian Molloy may have breached the legal boundaries of the Inquiry (*Post-Courier* 13 May 1997).

Cooke submitted that there was no evidence to prove that the politicians and senior civil servants received bribes or benefited individually from the Sandline International contract. Ian Molloy also reached the same conclusion. The initiative to engage Sandline International, according to Cooke, had been nurtured by the Defence Council—a body made up of the Brigadier-General Jerry Singirok, the Secretary for Defence James Melegepa and the Minister of Defence (*Post-Courier* 15 May 1997). He argued that Singirok had supported the idea to engage Sandline International up to the time the contract was signed. The Defence Council made the submission to the NEC and received its approval on 15 January 1997. The PNGDF and the Brigadier-General were assigned the task of implementing the proposal and Singirok, as a member of the Defence Council had been involved in the discussions and in the negotiations since early 1996. Cooke argued further that Singirok supported the initiative and had written to the Department of Foreign Affairs to have Sandline International personnel and equipment waived from government exemptions and immigration laws.

Ian Molloy agreed with Marshall Cooke's conclusions concerning Singirok. He pointed out that Singirok's eagerness to engage Sandline International made it difficult for the Commissioner of the Inquiry to accept Singirok's claim that he was forced to sign a letter on 20 January 1997—the letter which enabled the deal to proceed. He emphasised that Singirok's reservations before the contract was signed on 31 January 1997 were limited to those issues in the letter, which was signed along with three other members of the negotiating team. The Brigadier-General had expressed reservations about the helicopters that were to be purchased by Sandline International.

However, Peter Donigi, counsel for Singirok, argued that the Sandline International contract would never have been approved had

the State Solicitor, Zachery Gelu questioned the legality of the National Security Council's decision to hire the military firm (*Post-Courier* 14 May 1997). The contract was drafted in London and sent to Papua New Guinea where it was approved and executed without alteration, despite the efforts of four senior government officers. The Sandline International contract was approved because it had the support of the politicians. To seek approval for the contract from senior public servants was never considered necessary. Donigi offered as evidence the actions of the Deputy Prime Minister Chris Haiveta on 24 January 1997. Haiveta stayed for five hours at the Papua New Guinea Banking Corporation in his attempt to transfer funds to Hong Kong, despite the fact that senior public servants had still not received the contract and had not been given the opportunity to consider its contents for negotiations.

Donigi argued that the procedure for legal clearance, which seemed to be the only option that might prevent the execution of the contract, was not utilised due to the gross negligence of the State Solicitor, Zachery Gelu. Amongst other important factors which Donigi argued that Gelu had failed to acknowledge, was the fact that the state had entered into a contract with an organisation which he claimed lacked the status of a legal entity—that is, it could not sue, or be sued. A disturbing issue for concern is the government's lack of knowledge of Sandline International. Furthermore, Donigi accused Gelu of failing to request or peruse a copy of a power of attorney, and failing to advise the government that the establishment of an illegal army was unconstitutional.³⁰ Donigi could not understand how the State Solicitor, Zachery Gelu, the Attorney General, Sao Gabi and the Minister for Defence, Mathias Ijape, all lawyers, could not identify and highlight the constitutional and legal implications posed by the Sandline International contract. He concluded that since these constitutional and legal implications were overlooked, the contract was intentionally executed to

- hire and finance mercenaries contrary to the 1989 International Convention Against Recruitment, Use, Financing and Training of Mercenaries
- carry out activities which were illegal under international law
- establish a para-military force which was prohibited under Section 200 of the Constitution and Section 51 of the Criminal Code

- collude and conspire to kill a person; encourage, urge or command the killing of another person; misappropriate public money; and defraud the public (*Post-Courier* 14 May 1997)

Donigi submitted to the Commission that the Prime Minister and the Deputy Prime Minister are all culpable and should be arrested and charged under Sections 52, 307, 382A and 407 of the Criminal Code. Donigi also submitted that matters relating to the Constitution should be referred to the Supreme Court for interpretation. The most important issue to be referred concerned the Acting Prime Minister, John Giheno's refusal for the state to meet Singirok's legal costs. Giheno, according to Donigi, had acted unfairly (*Post-Courier* 14 May 1997).

However, Marshall Cooke contended that the NEC had acted within its powers to approve the engagement of Sandline International (*Post-Courier* 16 May 1997). According to him, there was nothing illegal or unconstitutional. Quoting several Sections of the Constitution, Cooke argued that

the NEC, which is in effect the corporate identity of the Cabinet Ministers is responsible for the executive government of PNG. Making contracts is part of the executive government—of the executive power—and it would be appropriate in this case if the NEC made a decision to engage Sandline (*Post-Courier* 16 May 1997).

In the same vein, he argued that it is the intention of the Constitution that the control and direction of the police and the PNGDF remain with the NEC. Cooke further argued that the NEC had acted within its powers when it decided to engage Sandline International and to direct the Commander of the PNGDF to co-operate or consult with Sandline International to execute the operation.

Ian Molloy concluded that while there was no evidence of corruption against the Ministers or public servants involved, the role played in the Sandline International contract by the Deputy Prime Minister and Minister for Finance, Chris Haiveta aroused suspicion (*Post-Courier* 15 May 1997). Haiveta's explanations were unsatisfactory and bizarre at times. For instance, Rupert McCowan had allegedly organised a dinner meeting between three Sandline International executives, Chris Haiveta and Mathias Ijape at the Peninsula Hotel in Hong Kong on 14 February 1997. Yet Haiveta described this meeting as a coincidence explaining that he had gone to Hong Kong to hold

preliminary discussions with Jardine Fleming to buy-out RTZ-CRA's majority shares. In fact, evidence from others contradicted his denial. According to Ijape the dinner had been arranged to discuss the purchase of the shares in the Panguna mine, but just how Sandline International featured in the arrangement was unclear. It seems evident that Sandline International held a keen interest in purchasing BCL shares, however the key parties attempted to conceal this apparently obvious conclusion (*Post-Courier* 15 May 1997). Since each of the two parties had different objectives in the military operation, the potential for conflict between Sandline International and the PNGDF could not be ruled out. The Brigadier-General's task of commanding the operation would have been equally difficult because Sandline International would have assumed equal military status in the operation.

Molloy acquired new and unverified evidence of faxes and other documents relating to the meeting between the two Ministers and Sandline International executive in Hong Kong. The objective of the meeting was to discuss the purchase of shares in BCL (*Post-Courier* 16 May 1997). Molloy noted that information contained in the documents potentially contradicted the Deputy Prime Minister and Minister for Finance, Chris Haiveta's evidence and would therefore raise questions of credibility. The documents also posed questions about other aspects of Haiveta's evidence and would have raised issues of the Deputy Prime Minister's credibility and honesty. However, Marshall Cooke countered that the question of whether Sandline International was interested in purchasing shares in BCL did not fall inside the Commission's terms of reference and that the subject of purchasing shares in BCL had little connection to the Sandline International contract. Furthermore, he suggested, the government neither entertained nor accommodated the proposals from Sandline International.

Rupert McCowan was sacked by his employer, Jardine Fleming on 14 May 1997. Jardine Fleming alleged that McCowan had acted without informing the management of his dealings with Papua New Guinea, and had acted beyond the scope of his duties (*Post-Courier* 15 May 1997). McCowan had assisted the government to transfer the first instalment payment of the contract in January 1997. Jardine Fleming was not engaged in respect of this transaction and McCowan's role in the transfer seemed to result from his personal relationship with Haiveta. What McCowan was to have gained from his involvement as

intermediary was unclear, however, Donigi argued that it was doubtful that McCowan acted alone since without collaboration he would not have enjoyed the ease of access to government and Ministerial assistance (*Post-Courier* 14 May 1997). A disturbing revelation which has come out of the Sandline contract is how McCowan, as a foreigner located in Hong Kong and not being an employee of the PNG government, was given access to highly sensitive, privileged and top military secrets of the country. Rupert McCowan never appeared before the Commission of Inquiry to explain his role in the Sandline International contract, and the absence of his testimony leaves forever a gaping hole in the findings and conclusions of the Inquiry.

The hardware intended for the mission on Bougainville

The military hardware purchased by Sandline International and transported on a Russian transport plane was diverted to Tindal Royal Australian Air Force Base in the Northern Territory, Australia. Apparently, the Minister for Foreign Affairs sought assistance from the Australian government to redirect the Russian Antonov 142 plane carrying the military hardware from Malaysia to Australia. This move, although politically wise at the height of the crisis, later complicated Papua New Guinea's relations with Australia over ownership of the hardware. Relations between the two countries were further strained by the remarks of the Australian Opposition spokesperson for Foreign Affairs who suggested the idea of breaking up the military hardware for scrap (*Post-Courier* 2 April 1997).

Key BRA leaders on Bougainville appeared to share the same views as the Australian Opposition spokesperson for Foreign Affairs. Francis Ona urged other countries to pressure Australia and Papua New Guinea to destroy the military hardware (*Post-Courier* 4 April 1997). He claimed that the PNGDF was no better than Sandline International, and if given the weapons, would use them on Bougainvilleans. The PNGDF, however, had a different opinion on the matter. At a social gathering organised to resolve and reconcile differences between the soldiers based at Murray Barracks, and Ministerial Staff from the Deputy Prime Minister's office, Chris Haiveta pledged to deliver the military hardware to the army (*Post-Courier* 7 April 1997). He made this undertaking in response to the request made by soldiers not to sell the weapons as proposed by the Minister for Foreign Affairs. On the

same the day, the Minister for Defence Mathias Ijape, vowed to take full responsibility for the decision to hire Sandline International (*Post-Courier* 7 April 1997). These public undertakings from the two Ministers were overruled by the Acting Prime Minister, John Giheno (*Post-Courier* 8 April 1997). Giheno emphasised that a decision on the future of the weapons would be determined only after the government had examined the weapons in storage. He also advised politicians to refrain from making any further statements concerning the weapons since the Commission of Inquiry was then still in session. A government delegation led by the PNG High Commissioner to Canberra (also a retired Brigadier-General), Kenneth Noga, travelled to Tindal to prepare an inventory of the weapons. The resulting inspection report was submitted for the government on 15 April 1997.

According to Tim Spicer, most of the military hardware purchased for the government, except for two Mi-24 attack helicopters and two Mi-17 transport helicopters, were already in the country (*Post-Courier* 7 April 1997). Spicer told the Inquiry that a large range of weapons systems ranging from machine guns, rockets, automatic grenade launchers and bombs can be installed in the attack helicopters. Other weapons brought into the country included 1000 57mm high explosive rockets designed to destroy fixed installations, vehicles or boats. Others included area weapons such as bombs which can be dropped randomly to 'plaster' an area, electronic warfare systems, a surveillance platform fitted on a twin-engine CASA-212 aircraft, PKM light machine guns, RPG-7 portable shoulder held rocket launchers with 60mm and 82mm mortars, and tactical radio and satellite communication systems. All these weapons were intended for use by a special force conducting counter-insurgency operations. Spicer told the Inquiry that the SFU unit trained by Sandline International would have used a spotter plane to wage psychological warfare on Bougainville. The aircraft was to be fitted with a loudspeaker to broadcast government propaganda to people on the ground. This military strategy was one out of a combination of military options to 'put the BRA on the back-foot' in order to place the government in a powerful position to conduct negotiations (*Post-Courier* 8 April 1997).

A 40-men assault team from the SFU had been selected to recapture the Panguna mine, after an airborne rocket attack was launched on rebel positions (*Post-Courier* 11 April 1997). The rocket attack was to be launched from two Mi-24 attack helicopters that were to be piloted by two Sandline International pilots. The rebel positions would be

identified by sophisticated electronic surveillance equipment that would be mounted on a CASA 212 aircraft. The troops, armed with night vision equipment, AKA assault rifles and mortars were to be flown in by two Mi-17 helicopters. In preparation for this military mission, 40 Sandline International instructors provided intensive training to 62 PNGDF soldiers who had already experienced jungle warfare on Bougainville and who had volunteered for the mission. These soldiers had been undergoing training since early 1996.

Professional relations between the Sandline International personnel and the SFU were not always harmonious. A platoon commander in the SFU, Sergeant Francis Jarkis told the *Post-Courier* that the training exercises provided by Sandline International was basic PNGDF training which new recruits undertook when they joined the army (*Post-Courier* 30 April 1997). He alleged that a potential clash between Sandline International and SFU was only averted after intervention by officers from the PNGDF headquarters. The huge salary difference between Sandline International privates and PNGDF soldiers was also a contentious issue. According to Sergeant Jarkis, Sandline International soldiers of private rank earned K11,000 a month whereas privates and non-commissioned officers of the SFU earned only K700.

The impact of Sandline on the Papua New Guinea Defence Force

Not long after the Commission of Inquiry was set up, several members of the PNGDF held members of the Deputy Prime Minister's Ministerial Staff at gunpoint on a busy street in Port Moresby and detained them at Murray Barracks (*Post-Courier* 19 March 1997). Some PNGDF members told the *Post-Courier* that they had detained several men from Gulf Province in a move to protect themselves. The soldiers alleged that criminals had been engaged by a politician implicated in the Sandline contract, not only to provide security, but also to take revenge on members of the PNGDF who took part in Operation *Rausim Kwik*. The men told reporters that they had been detained for 11 hours and interrogated about their connections with the Sandline International contract (*Post-Courier* 4 April 1997). They also said they had suffered beatings and wounds inflicted by the use of sharp instruments.

Another incident involving members of the PNGDF occurred on the night of 1 April 1997. Some members of the PNGDF cornered a

member of the Police Special Services Division, Sergeant Jack Awek, after he had dropped off the Minister for Defence, Mathias Ijape at his home in Boroko, Port Moresby (*Post-Courier* 14 April 1997). Sergeant Awek was forced to follow the soldiers to Murray Barracks where he was interrogated over a period of ten hours about Sandline International. He stated that during the interrogation, 10 military officers also assaulted him. At various times during the ordeal, he alleged that not only did the soldiers point a cocked gun to his head, but beat him with a piece of metal and struck him on the head with a gun butt. The soldiers later took him to Boroko Police Station where they told the police officer on duty to lay charges against him.

Certain elements of the PNGDF continued to harass government officers. One such incident took place on 7 April 1997 when a group of soldiers seized a vehicle belonging to the Department of the Prime Minister and NEC after holding-up a member of the National Security Council at gunpoint (*Post-Courier* 10 April 1997). The soldiers later returned the vehicle after holding it for several hours. Apparently, the action was authorised by the PNGDF as a security measure. The army claimed it had acted on information supplied to them by anonymous sources about the use of the vehicle. In another incident, James Bryon Chan, son of Sir Julius and owner of Network International Security Services was forced to convene a press conference to plea against harassment and intimidation by elements of the PNGDF (*Post-Courier* 10 April 1997). He alleged that his company had lost more than K70,000 in business dealings since one of his employees was arrested by the military police at Taurama Army Barracks. Network International Security Services, which provides general static guards, security consultancy and money escorts, had been established in business since January 1997.

The success of the military operation in deporting Sandline International personnel helped bring several PNGDF soldiers to prominence and public attention. One such soldier was Major Walter Enuma who featured regularly in the mass media. Others included the Commander of the Special Forces Unit (SFU), Major Gilbert Toropu who had remained aloof in his dealings with the media. Major Enuma also met with Sir Julius Chan and assured him members of the SFU and Operation *Rausim Kwik* had no ill-feelings against him (*Post-Courier* 2 May 1997). He also pledged his loyalty to the Acting Commander of the PNGDF, Colonel Jack Tuat. Operation *Rausim Kwik* appears to have been one factor which forced the Secretary of Defence,

James Melegepa to resign, 'without regrets', after 18 years in the public service (*Post-Courier* 2 May 1997). Melegepa argued that although he was one of the four public servants who signed a letter opposing the Sandline International contract, he felt that the soldiers had failed to recognise and appreciate his position. Rather, he felt that the soldiers had grouped him along with the politicians who had engineered the contract even though he had been on recreational leave and had only entered into the issue two days before the contract was signed. For him, this was the final straw. However, he remained adamant that he and the Department Heads had acted in the interests of the state. The public service, as far as he was concerned, had become overly politicised in that public servants could not perform their tasks without the constant interference of politicians, and that politicians appeared to have become the implementers rather than policy makers.

PNGDF soldiers, during and after the Sandline International contract crisis, made frequent media statements. Most statements were unauthorised and as such breached the army's public relations policy. Under the army's public relations policy, the Chief of Staff, the Minister for Defence, the Secretary for Defence, and the Brigadier-Commander were the only people authorised to release media statements. All others had to obtain clearance from the Office of the Chief of Staff. The frequent number of media statements and comments made by low ranking servicemen without proper authorisation prompted the Acting Chief of Staff, Colonel Reg Renagi to caution journalists and media representatives to deal only with the authorised spokespersons (*Post-Courier* 5 May 1997). Colonel Renagi also barred all units from making or issuing comments.

The political effect of the Sandline International controversy had effectively fractured the loyalty of the soldiers who were divided between supporting the sacked Commander Jerry Singirok and the Acting Commanders. Colonel Aikung was the first clear example of division of loyalty among the rank and file of the PNGDF. The appointment of Colonel Jack Tuat had restored some loyalty for the government's appointment but this did not establish complete loyalty for Tuat and relations amongst soldiers remained tense and divided. If low morale and poor discipline inside PNGDF had existed before the controversy, developments during the aftermath of the controversy merely served to testify to the seriousness of the problem. An aggravating factor all along had been the endemic lack of funds

stemming from the Bougainville operation. Both the fractures in loyalty and the funding problems had helped bring the problem of ill-discipline and poor morale to the surface. Re-establishing command and control became a priority and the total ban on media statements was one measure taken to achieve this end. The Acting Chief of Staff noted that issuing a ban on public statements to the media was easy but ensuring that the order was followed remained a serious problem (*Post-Courier* 5 May 1997). During the crisis the PNGDF was unable to gain control in this respect.

Government reprisal against non-governmental organisations

On 5 May 1997, just when it seemed that the Sandline International controversy was beginning to settle down, the police raided the offices of three non-governmental organisations in Port Moresby—PNG Watch, Individual and Community Rights Advocacy Forum (ICRAF) and PNG Trust. The police raids, according to the Director of ICRAF, Powes Parkop, were nothing more than a ‘political vendetta’ with the view to silence criticisms of government activities and decisions (*Post-Courier* 6 May 1997).³² Explaining the police raids, the Deputy Police Commissioner for Operations, Ludwick Kembu and Police Commander for Central and National Capital District, Sam Inguba told reporters that the raid was a routine police operation in the 1997 National Election (*Post-Courier* 6 May 1997). Police had also begun identifying individuals and groups that helped organise the illegal protests during the crisis.³³ The search warrants served on specifically empowered police to seize documents, books, computer diskettes and any printed matter on the Sandline International contract. However, the documents included handwritten amendments to include a search for firearms and ammunition—contrary to the explanations given by Ludwick Kembu and Sam Inguba (*Post-Courier* 7 May 1997).

The timing of the raids and arrests according to the Speaker of Parliament Rabbie Namaliu, raised suspicions about the motives behind the police actions, especially since the protests and demonstration had occurred two months previously (*Post-Courier* 8 May 1997). Namaliu also expressed concern at the possible negative effects on the mutual trust and confidence that had developed between non-government organisations and senior politicians during the height of the crisis. This trust may have been weakened by the

actions of the police. The Member for Bougainville, John Momis also expressed his concern at the possible 'politicisation' of the police force, given the manner and circumstances in which the raids were conducted (*Post-Courier* 9 May 1997). According to the Papua New Guinea Trade Union Congress (PNGTUC), police were retaliating against non-government organisations over their public opposition to the government's decision (Paska 1997). Under threat were the principles of democracy such as the freedom of speech, freedom of association, and the rights to exercise these liberties (Paska 12 May 1997). The Commissioner for Police, Bob Nenta adamantly justified police actions in his statement about the police raid.

The facts are that the non-government organisations chose to place themselves at the centre of an intensely delicate situation which would seem to an ordinary person to be an extreme provocation to the police force from the outset of the ... crisis ... The organisations had no permission to conduct a march or [hold] public meetings, and proceeded to hold public demonstrations against the advice and despite orders from the police Commander of the Central and NCD ... The non-government organisations ignored the laws of the land themselves when they embarked upon their course of action ... They published and widely distributed inflammatory literature calculated to cause ill-feeling among the people ... it was neither possible nor prudent to arrest and deal with the non-government organisation leaders at the time of the Sandline demonstrations because of the prevailing situation which involved soldiers and large crowds of demonstrators ... the fact that the arrests of those responsible for incitement [were made] at a later date was immaterial ... (*Post-Courier* 14 May 1997).

Nenta estimated that the cost of maintaining law and order during the crisis period was K1 million and that approximately the same amount of damage was inflicted by looters (*Post-Courier* 14 May 1997). Others queried Nenta's justifications. The Governor of Manus Province, Stephen Pokawin accused Nenta and the police of failing to carry out their duties and for collaborating with protesters to destabilise the government (*Post-Courier* 19 May 1997). Powes Parkop, however, remained unconvinced by the Police Commissioner's justifications and described the actions taken by the police as 'political show trials' merely performed to please political leaders (*Post-Courier* 14 May 1997). In response, on 29 May 1997 Melanesian Solidarity Group Incorporated (MELSOL) served summons on Sir Julius, Chris Haiveta and Mathias Ijape. The advocacy organisation urged the

Police Commissioner and the Public Prosecutor to take up the charges on the grounds that the three politicians had assisted Sandline International to participate in a military force which contravened Section 51 of the Criminal Code (*The Independent* 30 May 1997).

Rumours that PNGDF soldiers who had been prominent participants in the crisis would be arrested and prosecuted led soldiers loyal to Jerry Singirok to take offensive action despite denials by the army and the police. The Acting Commander of the PNGDF had been assured by police that such arrests would not be made until after the Commission of Inquiry had completed its report (*Post-Courier* 13 May 1997). In fact, the Commander had already proposed and discussed with the Acting Prime Minister immunity from prosecution for the soldiers who participated in the crisis (*Post-Courier* 12 May 1997).

Nevertheless, tensions grew when some members of the PNGDF armed themselves with weapons and set up barricades and bunkers at Headquarters and sealed off the main roads leading into the army compound. These soldiers remained loyal to the sacked army Commander and were acting to prevent police from arresting Singirok, Major Enuma and others who participated in Operation *Rausim Kwik*. On 6 May 1997, soldiers removed some of the barricades and returned most of their weapons to the armoury. The Acting Commander and the Acting Chief of Staff assured Andrew Baing, the Acting Prime Minister (in the absence of John Giheno) that the situation at Murray Barracks was now under control.

Despite the assurances from PNGDF's senior military officers, other undisciplined soldiers continued to undermine the effort. An incident on 7 May 1997 involving soldiers loyal to the sacked Brigadier-General threatened the relationship between the soldiers and the army's civilian administration. Some armed soldiers who had been on duty at the main gates at Murray Barracks intercepted the Acting Secretary for Defence, Steven Raphael and hijacked his official vehicle (*Post-Courier* 9 May 1997). The vehicle was later returned but the Acting Chief of Staff was forced to apologise to the Acting Secretary and staff of the civilian administration and to guarantee them their safety and security. Despite the guarantee, the Acting Secretary and his civilian staff refused to return to work in their offices. In an acknowledgement of the importance of the civilian arm, the army issued a warning that charges of insubordination would be filed against soldiers who failed to return their weapons to the

armoury (*Post-Courier* 12 May 1997). The army's Code of Military Conduct was also to receive closer scrutiny and enforcement.

Another military development saw the establishment of a Command Restoration Team (CRT) (*Post-Courier* 9 May 1997). The Team was set up to regain control, to restore order, to revitalise discipline and to enforce command inside the military establishment. The CRT is comprised of 12 Lieutenant-Colonels and Majors and is headed by Lieutenant-Colonel, John Navi. One of the Majors involved is Walter Enuma, the Commander of Operation *Rausim Kwik*. The effectiveness and strength of the CRT was tested as soon as it was established. It appeared unable to prevent a telephone call to the *Post-Courier* by a soldier from Arawa, Bougainville who stated that the Sandline International controversy had captured the government's attention and diverted its priorities away from Bougainville to Port Moresby (*Post-Courier* 9 May 1997). The military's effectiveness in exerting control, discipline and command remained probationary.

Discipline and professionalism within the PNGDF also became an issue in the plans for the army's call-out to assist with security operations during the 1997 National Election (*Post-Courier* 12 May 1997). The apparent fractures in discipline and command in the aftermath of the Sandline International controversy generated much apprehension over involving the army in the National Election despite the assurances made by the Acting Commander that the PNGDF remained intact. But again, an indiscretion from the army reversed any progress made. An anonymous caller, purporting to be soldier, told the *Post-Courier* that the government would be making a serious mistake if it appointed a new Commander (*Post-Courier* 13 May 1997). The anonymous soldier claimed to speak on behalf of some 4500 soldiers. As far as he and colleagues were concerned, Singirok remained their Commander. He warned that an appointment other than Singirok would not receive support and acceptance.

Acting Prime Minister, John Giheno had suggested that the NEC was considering a number of people for the position and had stated that a permanent Commander would be appointed in June 1997 (*Post-Courier* 13 May 1997). Giheno's proposal generated concern from two anonymous senior PNGDF officers. Both men confided in the *Post-Courier* that they had become alarmed at the political horse-trading which took place every time a new appointment was to be made (*Post-Courier* 14 May 1997). They also claimed that appointments of army

ommanders in the past had become highly politicised and that military qualities such as professionalism, managerial acumen and skill and the ability to exert authority and command had become secondary in importance or disregarded altogether. One officer warned the government against making a political appointment because the potential repercussions would be serious and dangerous. A political appointment, he warned, could undermine the work undertaken so far by the Acting Commander in restoring order and stability, reasserting discipline, and strengthening the chains of command. He also warned that a political appointee would conduct a purge and appoint his own men to key military positions—a dangerous trend which he said could lead to ‘an officer corps revolt’. Both men claimed that although a small group of officers and servicemen wanted Singirok re-appointed, his role in the Sandline International contract ruled him ineligible. They claimed that most PNGDF soldiers preferred a ‘clean break’—an apolitical appointee. Nevertheless, the faction of soldiers who continued to support the reinstatement of Singirok as Commander could not be completely disregarded.

Responding to reports that some military officers had established links with senior politicians and were lobbying for the Commander’s position, the Acting Commander directed all servicemen to return to their Units by 7.45 am on 19 May 1997. On 13 May 1997, public servants at the Central Government Buildings at Waigani were evacuated from their offices after a bomb threat, believed to have been made by soldiers as protest over Giheno’s plans to appoint a new Commander. A special NEC meeting held to identify funds to finance the call-out of PNGDF soldiers for the National Election on that day was shifted from the Waigani Government Building to Parliament.

On 16 May 1997, more than 200 members of the PNGDF, the police and the Correctional Services convened for a social gathering at Murray Barracks. The purpose was to settle their hostilities, reconcile their differences, and rebuild trust and respect for each other. The gathering also reaffirmed their loyalties to the state and to respect the findings of the Commission of Inquiry. Claims that order, discipline and command were being restored inside the military establishment were reiterated by the Acting Chief of Staff, Reg Renagi at this gathering, but were quickly undermined when Major Walter Enuma allegedly assaulted a senior officer on 21 May 1997. Lieutenant-Colonel Karl Malpo laid an official complaint at the Boroko Police

Station where he alleged that Enuma, under the influence of alcohol had assaulted him while he was on his way to the officers' mess for morning tea (*Post-Courier* 22 May 1997). Enuma claimed that intense lobbying amongst officers and servicemen for the Acting Commander's position incited his actions. The Acting Commander, Jack Tuat was forced to take action against Enuma, who is a member of the PNGDF Command Restoration Team. Tuat directed that an investigation into the incident be conducted and that the appropriate disciplinary charges be laid against Enuma. According to the Acting Chief of Staff, the incident was reported in the media without any verification from his office (*Post-Courier* 23 May 1997).

Report of the Commission of Inquiry

The Report of the Commission of Inquiry into the Sandline International contract was presented to the Acting Prime Minister John Giheno on 29 May 1997. Giheno said he did not want to procrastinate on revealing the findings of the report but he needed time to read the report thoroughly before making the findings public (*Post-Courier* 30 May 1997). However, during that weekend several sections of the report were leaked. Singirok alleged in the media that Nicos Violaris, a businessman and close associate of Sir Julius, handed him several pages of the report at a hotel in Port Moresby. Parts of the leaked Report claimed that Sir Julius had been cleared of any wrongdoing (EM TV 1 June 1997). The *Post-Courier* also reported that government officers were investigating reports that a group seeking supporters to demonstrate outside Parliament if the Report of the Inquiry did not recommend action against the key politicians were visiting settlements in the city (*Post-Courier* 30 May 1997). Despite Singirok's involvement in the Sandline International contract controversy, he was keen to remain a soldier and to accept re-appointment as the Commander of the PNGDF (*Post-Courier* 30 May 1997).

Confusion resulted in the week following the leaking of the report of the Commission of Inquiry. 'Sidelined' Prime Minister Sir Julius Chan proclaimed himself to be cleared of any wrongful doing and reinstated himself into office (EM TV 2 June 1997). The Acting Prime Minister, John Giheno also declared that he was still in charge of the Office of the Prime Minister. Both men convened separate press conferences to assert the legitimacy of their positions. Giheno suddenly said he wished to widen the terms of reference of the

Inquiry but he had clearly underestimated Sir Julius and was overly confident about keeping the report confidential when he postponed making the Report public before adequately studying it. His calls for widening the terms of reference were somewhat ironic given that he had earlier rejected all pleas and submissions to widen the terms of reference after his appointment as Acting Prime Minister. Sir Julius seemed to have knowledge of the contents of the report and immediately sought his return to office. The Acting Prime Minister reacted by suspending the Secretary for the Department of Prime Minister and NEC, Noel Levi for the security breach (EM TV 2 June 1997). He appears to have doubted Levi's loyalty since he had been made Department Head after Sir Julius recalled him from his Diplomatic Post as High Commissioner in London. Once again, confidential state information had found its way into unauthorised hands. Giheno finally relented to Sir Julius Chan's decision to return to the Prime Minister's office. The other two Ministers also returned to their substantive positions. The Secretary for the Department of Prime Minister, who had been suspended by Giheno was also reinstated by Sir Julius. Similarly, James Loko, the suspended Acting Secretary for Finance, returned to his substantive position as Commissioner-General of the Internal Revenue Commission.

Discussion

The Sandline International contract will be remembered as an important event in Papua New Guinea's political history notably because of the role of the PNGDF in forcing a Prime Minister, a Deputy Prime Minister (also Minister for Finance) and a senior government Minister to step aside, and for a Commission of Inquiry to investigate their contract. The Sandline controversy did not only expose fundamental challenges to the strength of parliamentary democracy, the Constitution, and the rule of law, but also the role of the military in the political affairs of the state. The national parliament reigned supreme over the military but the collapse of discipline, command and order apparent during the crisis raises grave concerns about the future of the military. Matters of stability, loyalty and coherence inside the disciplined forces (police, PNGDF, and Correctional Services) remain as visible challenges for policymakers.

The challenges to sovereignty, state and security have emanated at the domestic and international levels. Corruption, whether proven or

not, poses a serious threat for the institutions of the state and good governance. It was a central issue in the Sandline contract and one that precipitated the crisis. The Commission of Inquiry into the Sandline contract did not find evidence of corruption. Its primary purpose was to *investigate* the negotiations and procedures used which led Papua New Guinea to enter into a contract with Sandline International and the contract between Papua New Guinea and Sandline International. To investigate an issue or problem essentially means to conduct a meticulous and detailed search, and to establish the facts accurately and carefully. Given the specificity of the terms of reference it was unlikely that a decision of any great significance would emerge to satisfy public expectations. The Commission of Inquiry has served the purpose for which it was established. Nevertheless, the findings of the Inquiry reveal that politicians and public servants negotiated a contract that arguably flouted the laws, procedures, and rules that protected the resources of the state.

The critical issue is how ineffective these rules, procedures and laws have been in protecting and upholding the law. In other words, policymakers have displayed how easy it is to circumvent the laws and regulations. Future policymakers can only appreciate the significance of the Commission of Inquiry's findings if the laws, rules, and procedures are applied effectively and justly to protect state resources from abuse and misuse by those who have been empowered as elected and appointed custodians. The issue also reveals the power and influence of the elected custodians over public servants, and how vulnerable the latter have become. The Sandline controversy has also demonstrated how a large section of the society rallied by organisations or individuals with demagogic qualities protested against the decisions of the government. The political potential cannot be underestimated.

At the international level, Papua New Guinea's sovereignty as an independent state also depends on its relationship with its neighbours. Papua New Guinea's economic security and survival as an independent sovereign state came under severe threat from Australia. The key bilateral arrangements—the Defence Co-operation Program and the Joint Development Co-operation—became critical instruments for Australia to use as ultimatums (*Draft Hansard* 27 March 1997:6-8). Papua New Guinea's linkage to international financial institutions and markets also posed economic and political challenges. The brute reality of these international arrangements reveal the vulnerability of

Papua New Guinea's sovereignty and security, and its dependence on such linkages.

Notes

- ¹ This paper was presented to Geopolitical Session of the 8th Pacific Science Inter-Congress, Suva, 13–19 July 1997 entitled, 'The Sandline International Contract Controversy in Papua New Guinea: Challenges to Sovereignty, Security and the State'.
- ² The PNG Minister for Foreign Affairs and Trade, Kilroy Genia, continued to maintain that the Sandline contract only consisted of military experts, consultants, trainers, and advisers, who were engaged to train PNGDF personnel (*Post-Courier*, 10 March 1997).
- ³ Reports emerged that 40 military consultants had already begun military exercises and drills for a select group of elite soldiers, known as the Special Forces Unit (SFU), at Moem Barracks in Wewak, East Sepik Province (*Post-Courier*, 7 March 1997).
- ⁴ Large resource development projects based in PNG and listed on the Australian Stock Exchange were the first victims of the Sandline contract (*Post-Courier* 26 February 1997, 18 March 1997).
- ⁵ The Australian Senate went further and passed a motion by Senator Dee Margetts that called for a comprehensive review of aid to ensure that Australian funds did not support the war on Bougainville (*Post-Courier* 4 March 1997).
- ⁶ Australia continued to hope that the PNG government would review its stand on the Sandline International contract, even without the pressure from the Federal Opposition to cut Australian aid (*Post-Courier* 6 March 1997).
- ⁷ One such NGO was the human rights group called Aid/Watch of Australia.
- ⁸ Australia provides approximately A\$12 million annually in military aid to PNG. This package includes training, military support, and maritime surveillance.
- ⁹ Presently, the government owns 19 per cent of the mine and the rest is owned by minority shareholders (*Post-Courier* 3 March 1997).
- ¹⁰ The government, according to the Prime Minister, never seriously intended to acquire majority shares in the Panguna mine from CRA (*Post-Courier* 24 April 1997).
- ¹¹ Despite the huge odds against the government acquiring the RTZ-CRA shares, the Premier of the BTG, Gerard Sinato, greeted the proposal as another important step in addressing the Bougainville crisis (*Post-Courier* 4 March 1997). The Papua New Guinea Trade Union Congress (PNGTUC) also embraced the idea but disapproved of the government's plan to engage mercenaries, describing the idea as repugnant and an outright affront to the democratic cause and internal security (*The Independent* 7 March

1997). The Member of Parliament for South Bougainville, Michael Laimo, described the government plan as 'insane' (*Post-Courier* 6 March 1997). He believed that such a plan should only emerge after peace and order had been established. Neither did the proposal appeal to the BRA leaders, Francis Ona and Moses Havini. Both men maintained that there would be no compromise from their demand for independence from Papua New Guinea (*Post-Courier* 5 March 1997). Ona maintained that the purpose of the war is to protect the land, the environment, and the social system on Bougainville. It seems that for both rebel leaders the purchase of the Panguna mine would (not?) guarantee a solution to the Bougainville crisis.

- 12 The Australian Stock Exchange traced the trades to Morgan Stockbroking of Brisbane, a co-manager for the float of Oregon Mineral Limited in 1996 (*Post-Courier* 10 March 1997).
- 13 He petitioned the National Court to declare that the government had appropriated public money without the approval of the national parliament. Therefore, the government breached Sections 209, 210 and 211 of the Constitution. Moreover, the government had violated the procedures of handling public finances, as governed by the *Public Finances (Management) Act*. He contended that the government had also conspired to raise an unauthorised military personnel, in breach of Section 200 of the Constitution. Finally, he contended that the government had conspired to act against its own citizens which is a breach of their rights and freedoms, under Section 35 (right to life), Section 36 (freedom from inhuman treatment), Section 37 (the right to full protection of the law) (*Post-Courier* 6 March 1997).
- 14 Sir Julius later claimed he never received Singirok's letter that called for his resignation (*Post-Courier* 18 March 1997).
- 15 Impromptu public opinion surveys conducted by the *Post-Courier* on 18 March 1997, in two provinces revealed that 90 percent of the people interviewed supported Singirok (*Post-Courier* 19 March 1997).
- 16 On the morning of 19 March 1997, soldiers gathered at their own barracks (*Post-Courier* 18 March 1997). The soldiers pledged their support for the sacked Brigadier-General and remained in their barracks (*Post-Courier* 20 March 1997). Approximately 600 soldiers signed a petition that called for the reinstatement of the Brigadier-General within 72 hours, or they would resign from the PNGDF (*Post-Courier* 19 March 1997).
- 17 The *Post-Courier* reported that the shift in Sir Julius' position came after a ten-minute telephone conversation with the Prime Minister of Australia, John Howard (*Post-Courier* 20 March 1997).
- 18 The Government Ministers concerned were Deputy People's Progress Party Leader and Minister for Lands, Sir Albert Kipalan, the Minister for Agriculture and Livestock, David Mai, the Minister

for Works and Transport, Peter Yama, and the Minister for Police, Castan Maibawa (*Post-Courier* 25 March 1997).

- 19 The political parties which supported the motion included the People's Democratic Movement, the National Alliance (a faction of the Pangu Pati, the Melanesian Alliance, and the Movement for Greater Autonomy) and the People's Indigenous Movement (*Post-Courier* 25 March 1997).
- 20 Seven benefits for PNG outlined in the summary: (1) Speedy resolution of problem (2) Increase in government prestige—impact on election (3) Improved standing and morale of armed forces (4) Fully trained special forces unit (5) National strategic intelligence capability (6) Increased combat power projection capability (7) Costs recoverable from mine revenue—NB purchase of mine by Branch Minerals (Report of the Commission of Inquiry, 1997: 25).
- 21 Nonetheless, Sir Julius stated that he has had no regrets at all about engaging Sandline International to help end the Bougainville crisis, despite the fact that the events had been a major blow to his government (*Post-Courier* 24 April 1997).
- 22 According to State Solicitor, Zachery Gelu, the National Security Council empowered the Deputy Prime Minister and Minister for Finance to execute the contract (*Post-Courier* 18 April 1997).
- 23 The Sandline International crisis later forced the Secretary for Defence to quit the public service on 30 May 1997 although he was also motivated by his decision to nominate to contest the Unggai-Bena open electorate seat in the 1997 National Election (*Post-Courier* 1 May 1997).
- 24 Roadco was quickly registered as a company to settle the Sandline contract.
- 25 At the time this paper was being written the Validation Act or the Mini-Budget had yet to be passed.
- 26 The payment of US\$18 million was electronically transferred to a Bank in Hong Kong only four hours after the contract was signed (*Post-Courier* 3 April 1997). Spicer was paid an equivalent amount by cheque from Roadco on 24 January 1997, as 'security' that the contract was to be signed, but was told not to present it for payment. That cheque, according to Spicer, was confiscated by PNGDF soldiers, along with US\$400,000 from a safe at the house he was staying at in East Boroko on 16 March 1997 (*Post-Courier* 3 April 1997).
- 41 McCowan was subsequently suspended for an indefinite period by his employer, Jardine Fleming of Hong Kong for his alleged involvement as an intermediary between the PNG government and Sandline International, and for allegedly transferring money on behalf of the mercenaries to Hong Kong (*Post-Courier* 21 April 1997).
- 28 The government has since redirected this money to the Consolidated Revenue. Tim Spicer told the Inquiry that the

government owed Sandline International the remaining total of US\$18 million (*Post-Courier* 3 April 1997).

- ²⁹ The proper steps in such a case would have been to have the consultancy agreement approved by the Consultancy Steering Committee of the Department of Personnel Management (*Post-Courier* 21 April 1997). Commissioner Andrew ruled that Singirok had given evidence for nearly a week and nothing further was required of him (*Post-Courier* 17 April 1997).
- ³⁰ Section 200 (1) of the Constitution forbids the establishment, organisation, equipment, training or participation in or association with a military or para-military force. Donigi argued that the Constitution provided for the existence of a Police Force and Defence Force, reserve auxiliary or special force as part of the Defence Force, but only in accordance with an Act of Parliament. Since no Act of Parliament existed to allow the establishment of Sandline International as part of the PNGDF, the contract itself amounted to *prima facie* evidence of the government's attempt to establish an unauthorised army.
- ³¹ The military equipment purchased consisted of four helicopters. The *Post-Courier* alleged that another shipment of military hardware was en route to PNG on a vessel and transiting in Eastern Europe (4 April 1997).
- ³² On 12 May 1997, the Director of ICRAF Powes Parkop became the fourth non-government organisation representative to be arrested by police. He was charged with two counts of unlawful assembly at Murray Barracks and at Parliament House. Powes alleged that the government had drawn up a list of non-government organisation activists, students and community leaders who had participated in the demonstrations. He also alleged that the government through a major political exercise was attempting to end the operations of non-government organisations, an allegation denied by police (*Post-Courier* 13 May 1997).
- ³³ Two other non-government organisation representatives, John Napo and John Kawowo were also arrested and charged for illegal assembly during the Sandline International crisis. Both men were released on a bail of K150 each (*Post-Courier* 7 May 1997).

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Criminal justice reform in Papua New Guinea

Sinclair Dinnen

Lawlessness and violence in many parts of Papua New Guinea in the form of *raskolism*, tribal fighting, and threatening compensation demands present a growing challenge to the authority of the state. State institutions charged with controlling crime have been increasingly overwhelmed by a combination of escalating demands and diminishing resources. In 1984 the Clifford Report warned that the Papua New Guinea criminal justice system was 'in serious danger of losing the battle to manage and process, let alone constrain, the existing rates of crime' (Clifford et al. 1984:136). Many observers claim that the battle has since been lost. Traditions of police violence and frustrations with the perceived limitations of the western model of criminal justice have contributed to a growth in retributive and militaristic responses to crime and social disorder. Distinctions between state and non-state violence blur when violence becomes an acceptable, and anticipated, response to conflict. This reinforcing cycle of violence—fed by both criminals and state in parts of Papua New Guinea—has become difficult to break.

This chapter outlines the retributive character of state responses to crime in Papua New Guinea and their, often, counter-productive outcomes. The concept of restorative justice is introduced from wider criminological debates to stimulate thinking about new directions for

criminal justice practice. It is a concept that appears to sit well in the Melanesian social environment. A number of incipient restorative justice institutions are identified as examples of the innovative repertoire of strategies that have evolved in response to new marginalisations and the failings of retributive justice. Specifically, they indicate the potential for developing a form of restorative justice appropriate to Papua New Guinea social conditions. As such, they stand as glimmers of hope in a context where problems of order appear endemic and where coercive solutions have demonstrably failed.

Criminal justice in Papua New Guinea

The current institutional framework of criminal justice in Papua New Guinea dates back to the modernising reforms initiated by Paul Hasluck, Australia's Minister for External Territories between 1951 and 1963. The specific blueprint lay in the detailed recommendations of the 1960 Derham Report into the administration of justice in Papua and New Guinea (Derham 1960). These recommendations led to the dismantling of the old colonial system of undifferentiated 'native administration' and its gradual (and, in practice, haphazard) replacement with a centralised criminal justice system consisting of institutionally distinct police, courts, and prisons. As with many other former colonies, Papua New Guinea inherited the key elements of the western criminal justice model upon Independence in 1975. Among these were

- central state control of criminal justice
- the idea of crime itself and a universal body of codified criminal law
- the notion that crimes are committed against the state (rather than against victims or supernatural forces)
- the establishment of a professional police with a monopoly over the use of legitimate force in domestic conflict
- a move away from compensation as the dominant way of dealing with wrongdoing to imprisonment of individual offenders
- a narrow focus on individual responsibility during criminal process and denial of the social context of crime
- an offender-centred process in which crime victims are largely ignored

- the idea that fundamental human rights should be protected during criminal process (due process).

Critiques of criminal justice in Papua New Guinea today can be broadly divided into those that accept the institutional character of the prevailing system and seek to alleviate particular technical shortcomings, on the one hand, and more fundamentalist critiques that question the social foundations of the system, on the other. Revisionist critiques explain the low impact of criminal justice in terms of inadequate resources, training and coordination. Proposed remedies include the provision of better trained and equipped police, prosecutorial and correctional services. Fundamentalist critiques draw attention to the social inappropriateness and 'western' orientation of the criminal justice system. From the latter perspective, an effective regulatory system needs to be more closely adapted to the social specificities of the Papua New Guinea environment. This position is most clearly expressed in the Clifford Report's advocacy of official recognition of informal (non-state) regulatory mechanisms.

Policing change

The Royal Papua New Guinea Constabulary remains the most visible criminal justice agency and the one most directly involved in routine responses to crime and disorder. Its institutional shortcomings precede Independence in 1975. In that year estimated police coverage extended to only 10 per cent of the total land area in Papua New Guinea and 40 per cent of the population (Dorney 1990:296). Reflecting, in part, their origins as a paramilitary colonial force, performance in conventional policing tasks such as investigation, apprehension and prosecution, has been consistently poor. A growing population, limited economic opportunities and shortage of resources associated with the fiscal crisis of the Papua New Guinea state, have all contributed to the challenges of police work in Papua New Guinea. At Independence the national population was slightly more than 2 million, the police force had approximately 4,100 personnel, and crime rates were generally low. This translated into a police/population ratio of 1:476. By 1996, however, the population had doubled to approximately 4 million, police numbers remained at 5,000 uniformed staff and approximately 300 civilian support staff, while lawlessness had become a major concern in urban areas and some rural regions. These later figures provide a police/population ratio of 1:800. New

South Wales, with a similar population to Papua New Guinea, has approximately 13,000 police.

According to present Police Commissioner, Bob Nenta, not all the 5,000 uniformed police are available for general duties in practice (Nenta 1996). On a three shift basis, there would be approximately 1,600 uniformed personnel on duty at any one time to cover the entire nation. Commissioner Nenta claims, however, that in practice there are only ever about 2,100 uniformed personnel available for police work on a three shift basis. This works out at about 700 police officers per shift for the whole of Papua New Guinea. Another remarkable figure relates to the number of personnel per police station. Mr Nenta states that the average number of police at each of Papua New Guinea's 362 police stations is approximately 5.8. Divided into three shifts, this works out at 1.9 personnel per station at any one time! These shortages have been exacerbated in recent years as a result of the deployment of police mobile squads from mainland Papua New Guinea to security duties on Bougainville.

The widespread availability of firearms in Papua New Guinea and their increasingly brazen use by criminal groups has added significantly to the challenges facing police. Shoot-outs between so-called *raskols* and police have become commonplace in many urban centres, where the latter are often outgunned in practice. Many firearms are believed to be coming into the country via the drugs-for-guns trade. High quality marijuana is being sold to Australian criminals in return for weapons. This trade appears to be concentrated around Papua New Guinea's Western Province and Australia's Torres Islands. In addition to their routine use in robberies and other criminal activities, there are also serious concerns about the likely use of high-powered weapons in the 1997 national elections. Previous experience indicates a discernible trend towards violence as a key strategy of intimidation and retribution among certain candidates and supporters in the electoral context (Dinnen 1996a; Standish 1996). This is particularly so in parts of the Highlands.

A related concern is the growing quantity of police and defence force issued weapons and ammunition ending up in criminal hands. In the two-hour shoot-out in Port Moresby that preceded the curfew imposed in November 1996, the suspected robbers reportedly attacked police with automatic weapons and a grenade fired by a launcher similar to those used by the defence force (*National* 5 November 1996). Three policemen and one policewoman were wounded and two

suspected robbers were shot dead. In the aftermath of this incident, the Prime Minister Sir Julius Chan ordered an urgent 'stocktake' of the defence force weapons and ammunition supplies, amid concerns about the number of such firearms being used in serious crimes, particularly in Port Moresby (*Weekend Australian* 9–10 November 1996).

The limited protection against criminal violence afforded by state policing has contributed to the massive privatisation of policing in recent years. While no reliable figures exist to gauge the size of the private security industry, a wide range of security organisations now operate throughout the country. These vary from large sophisticated operations affiliated with international companies to small firms providing security services for private households, commercial enterprises, and government departments. Concerns are expressed about the unregulated character of this industry and the potential for serious abuses on the part of its more cavalier members. Such concerns were accentuated by the recent murder of four youths at Dogura beach outside Port Moresby, allegedly by security employees carrying out a 'payback' on behalf of their employer (*Post-Courier* 31 November 1996).

The inadequacies of state-provided criminal justice provides the basis for the substantial amount of Australian aid directed at Papua New Guinea's law and order sector. The largest single project is the Police Development Project which is now in the second of its two five-year phases. Australian assistance is aimed at improving the administrative, management, operational and technical capacities of the constabulary. A Correctional Services Project has also recently commenced and seeks to strengthen the management and training capacity of Corrective Institutions Service, improve prisoners' rehabilitation and skills and upgrade prison infrastructure.

Retributive practice

The shortcomings of criminal justice in general, and policing in particular, have led to the supplementing of 'normal' criminal justice processes with extraordinary measures such as curfews (prior to 1987 curfews could only be imposed under a state of emergency) and special policing operations. These have sought to restore order in designated areas through a combination of restrictions on movement, police raids and orchestrated displays of militaristic strength. Police personnel are often joined by defence force soldiers and Corrective

Institutions Service employees. As well as being used regularly in urban areas, curfews and special policing operations are also resorted to in rural areas. Non-government organisations have complained of the 'militarisation of society' (*Post-Courier* 7 August 1992). According to these critics, state responses have led to the 'normalisation of extreme emergency measures in the form of the Curfew Act'; the 'increasing use of military and Corrective Institutions Service personnel in police duties'; and the 'increasing use of police mobile or riot squads in ordinary crime situations'.

Special policing operations and police raids against urban settlements or rural villages reflect the failure of more routine criminal justice processes to apprehend suspects or detect stolen goods. Such raids, targeted on the basis of secondary information, often end up as indiscriminate 'fishing expeditions'. Evidence of any possible crime is seized and local residents are often subjected to arbitrary intimidation. It is not uncommon, for example, for any property of value that cannot be accounted for with specific receipts to be confiscated by police. Not surprisingly significant amounts of 'crime' are uncovered, retrospectively legitimatising the initial decision to raid.

At the same time, such operations frequently have counter-productive outcomes. They are often followed by allegations of serious human rights abuses, ranging from fatalities, rapes, assaults, and the destruction of property and livestock, to theft. Where the services of a lawyer or a local law student can be procured, they may also result in a civil action for damages against the state. In August 1996, for example, the National Court reportedly awarded K103,800 to Wiliri and Awari people in Pangia, in the Southern Highlands, for damage inflicted by police in early 1990 (*Post-Courier* 14 August 1996). Following the killing of a man from a nearby village, police had arrested 11 people from the two villages in question. According to the National Court judge these suspects were then subjected to 'cruel and inhuman treatment not consistent and without respect for inherent dignity of the human being' contrary to S.36 (1) of the Constitution. The inhumane treatment included forcible stripping of their clothes, parading them naked in public and assaulting them. The suspects were eventually released after five days of imprisonment without food and water. The police—with the active assistance of some of the traditional enemies of the plaintiffs in this case—also raided the suspects' villages. The Court subsequently held that the police had unlawfully entered the villages, destroyed buildings, homes, tree

crops, and food gardens, burnt down other properties and taken away livestock, pigs, cassowaries, vegetables, kina shells and cash belonging to the villagers. Damages were awarded for personal injuries, destruction of property, mental distress, false arrest, false imprisonment and breaches of constitutional rights.

Incidents such as this, and popular expectations that police are likely to behave in this manner, contribute to high levels of mutual distrust between police and local communities in many parts of the country. This naturally undermines the cooperation necessary for effective investigative police work. In its submission to the 1991 National Crime Summit, the Papua New Guinea Chamber of Mines and Petroleum commented that

One of the major problems that has developed over recent years is the communities' distrust of the police, particularly in rural areas. Much of this is due to a lack of discipline and efficiency in parts of the police force to the extent that the community has become more frightened of the police than they are of the criminals (PNGCMP 1991:6).

Retributive policing of this kind generates a destructive, reinforcing momentum in police/community interactions whereby lack of local cooperation is cited by police as a reason for using retributive force which, in turn, results in further local antagonism towards police and so on. In rural areas this can lead to the police being viewed as a hostile army of occupation. As illustrated in the above case, such arbitrary actions are also susceptible to capture by local groups in furtherance of their own parochial inter-group conflicts, thereby subverting the ideal of neutral policing. In the urban areas, these actions contribute to an escalating cycle of retributive violence between police and criminal groups, fuelled by the abundant supply of sophisticated weapons.

Retributive justice can also strengthen criminal organisation and commitment. In practice, curfews and special operations serve to displace hardened criminals from high crime areas to other parts unaffected by such measures. As such they may have the unintended effect of contributing to the dispersal of criminal networks. Harris has also observed how Port Moresby gangs became more professional in response to the restrictions imposed under the 1984 state of emergency (Harris 1988:34). Violent encounters with police have become an integral part of *raskol* induction in the urban centres. Stories of police brutality formed a recurring theme in the rhetoric of *raskol* informants during my own fieldwork and were regularly voiced as legitimisation

for criminal violence (Dinnen 1996b). Imprisonment has also been incorporated into the constitution of *raskol* identity, providing another means for achieving high criminal status. At a macro level, retributive justice can be viewed as contributing to crime through its aggravation of the very marginalisation underlying the generation of *raskolism* in the first place.

The monetary cost of large-scale militarised operations, as well as the damages awarded victims of police raids in subsequent civil actions, contributes to the fiscal crisis of the Papua New Guinea state, further weakening its capacity for service provision. In another sense, the growth of these civil cases illustrates how the state has itself become progressively implicated in the cycle of lawlessness it seeks to break. As Filer has recently put it

The 'strong arm of the law', which once forced people to make peace with each other, now merely provokes a further round of claims against the state itself (Filer 1997:12).

While the retributive character of criminal justice practice is, at one level, a consequence of the institutional weakness of the Papua New Guinea state and its inability to achieve desired results by other means, it is also a product of factors specific to the police. Some of these have their origins in colonial practice, while others derive from more recent experience. It also illustrates the continuing high level of tolerance of violence as a strategy for resolving problems in Papua New Guinea—a tolerance which is reflected in policing practice as in many other areas of contemporary social relations.

The tradition of reactive, mobile, policing originated in the early colonial period when the armed constabulary were the principal agents of pacification. Kituai (1993) provides detailed documentation of coercive responses by police to resistance at local levels during colonial administration. The legacy of this tradition is to be found in the retributive actions of police in many parts of Papua New Guinea today. In addition to the punitive raids illustrated above, 'shoot-to-kill' orders in the face of localised outbreaks of disorder are issued regularly by senior officers, particularly in the Highlands. Port Moresby police were recently issued with such an order after a spate of *raskol* violence in the capital in October 1996 (*Reuter News Service* 24 October 1996). Ironically, many features of state strategies of control in the post-independence period represent a return to the pacifying strategies of early colonial rule.

The ongoing conflict on Bougainville has also reinforced the militarisation of state responses. Police mobile squads are returning from service on Bougainville and applying techniques evolved in the context of civil war to mainland policing. Special equipment issued on Bougainville, including black uniforms and face camouflage, continues to be used by some of these units upon their redeployment (Standish 1994:80). The working culture of the mobile squads, particularly in the Highlands, revolves around an unbridled machismo and preference for 'Rambo-like' solutions. Intimidation and violence (including a high level of violence against women) provide the most frequent response to problems of order in this situation. The participation of all three disciplinary forces—the defence force, police and the Correctional Institutions Services—in joint operations on Bougainville and special operations on the mainland, contributes to the spread of this culture across agency lines.

Where legitimation for these kinds of actions is offered by police, they are often phrased in terms of popular stereotypes of assumed cultural groups—such as 'Goilalas', 'Simbus' or 'Highlanders'. According to these constructions, the use of force provides the only effective way of achieving behavioural change among such 'bellicose' and 'lawless' groups. Non-cultural stereotypes are simultaneously used to legitimate coercive actions against culturally heterogeneous marginal groups in the urban setting, such as settlement dwellers and unemployed youth.

Another legitimation lies in the frustrations voiced by police with other components of the criminal justice process (Dinnen 1992). These relate primarily to what the police view as unnecessary and unfair procedural obstacles in the way of securing court convictions, the leniency of magistrates and judges in sentencing offenders, and the relative ease with which individuals escape from prison. A recent television documentary captured this rationalisation in the claims of a young police officer that bashing suspects was the only way of deterring crime.¹ Retributive justice, in this sense, reflects the belief on the part of many police that desired results cannot achieve by any other means.

Militaristic strategies have also attracted strong political support from leaders who, despite evidence to the contrary, view them as the best prospect for countering growing problems of order. The advocacy of élite security squads has, for example, featured regularly in the law and order pronouncements of politicians. Partiality for militaristic

solutions has recently been explained by reference to the ostensible success of the authoritarian solutions to internal security adopted by some of Papua New Guinea's northern neighbours—an explicit strand in the rhetoric of the so-called 'Look North' policy. Illustrations are to be found in the advocacy of a Ghurkha-trained National Guard by the Namaliu government in 1991 (Dinnen 1993a:32); the 1993 Internal Security Act (Dinnen 1993b); the establishment of the Rapid Deployment Unit to provide security at the Highlands-based mineral and petroleum projects under the Wingti government in 1992, and its proposed successor, the Police Tactical Force (Dinnen 1996b).

Police violence in Papua New Guinea occurs within an environment where tolerance of violence is generally high. What is most disturbing is the manner in which police abuses and other forms of violence have become enmeshed in a continually escalating cycle. Growing levels of official and unofficial violence have, in this way, reinforced the legitimacy of violence as a political strategy among both state and non-state constituencies. In this respect the distinction between legality and illegality—upon which law and order debate is premised—fails to capture what is going on in both state and non-state coercive action. The question of a monopoly of violence neither characterises the state nor legitimates its actions. In practice it is often difficult to distinguish between the strategies of violence employed by state and non-state constituencies.

From retributive to restorative justice

Over the past decade there have been numerous reports calling for criminal justice reform in Papua New Guinea. These have been based on the failure of existing strategies and have usually advocated a more community-oriented approach, as well as the incorporation of informal local structures. Reforms of this kind were, for example, proposed during the 1991 National Crime Summit (FLOJ 1991) and the 1992 Crime Prevention Week (FLOJ 1992a). Institutional proponents have included the Foundation for Law, Order and Justice (FLOJ 1992b), the joint Papua New Guinea/Australia Law and Order Sectoral Review (Papua New Guinea/Australia Development Cooperation Programme 1993), the National Law, Order and Justice Council (NLOJC 1993), as well as a number of external Reports.²

Australian aid to the law and order sector has now moved some way beyond its former exclusive focus on state institutions. In

addition to the projects mentioned above, AusAID has recently initiated a Community Law and Order Initiatives Survey. This will identify ways of supporting the work of community-based and non-government organisations in reducing law and order problems and in developing services for victims and perpetrators. Other aid projects being considered include a Legal Institutions Project Prefeasibility Study to assess options for supporting the integration of law and order activities and delivering improved legal and judicial services, while promoting respect for individual rights and freedoms.

For successive Papua New Guinea governments, however, as well as for the police themselves, practical responses to lawlessness have remained the familiar and dated, western ones. In essence, these entail calls for 'more of the same'—more police, increased police powers, more prisons, heavier penalties and so on. While the crisis of criminal justice is clearly a global one, policymakers elsewhere have generally been more open than their Papua New Guinea counterparts to the findings of criminological research exploring alternative strategies for the management of crime. Ironically, many of the restorative justice initiatives being developed internationally expressly draw on traditions of conflict management attributed to small-scale indigenous societies (Maoris in New Zealand; native Americans in North America). Given the obvious richness of local organisation in Papua New Guinea, it is surprising that more imaginative and socially appropriate responses have not been officially explored.

A variety of labels are found in the international literature to describe what is most frequently referred to as restorative justice.³ The concept focuses primarily on the need to restore individuals who have been injured or otherwise suffered loss as a result of crime. Other formulations extend to the need to restore the perpetrators of crime whose offending is viewed as symptomatic of personal or social problems, usually treated as peripheral under the western criminal justice model. At an institutional level, restorative justice involves the development of a more victim-centred process, as well as one that actively seeks to reintegrate offenders into 'a wider web of community ties and support' (Braithwaite and Mugford 1994:139).

In practice, the western model often relegates both offender and victim to passive onlookers in the criminal trial. Crimes, as stated previously, are officially deemed to have been committed against the state rather than against individual victims. Professional lawyers dominate proceedings using technical language and following

cumbersome procedures that baffle most laypeople. This is particularly so in Papua New Guinea given the alien origins of criminal justice and low levels of literacy on the part of most defendants. In the absence of a jury in Papua New Guinea, it is the magistrate or judge who single-handedly determines the guilt of the offender, as well as the final disposal of the case. This process marginalises those most directly involved or affected by the alleged wrongdoing, failing to address underlying grievances on the part of either victim or offender. Dissatisfaction with the outcome of criminal proceedings can lead victims and their kin to alternative solutions. These, in turn, may engender further violence or conflict, as in the case of 'pay-back'. Offenders subject to such an impersonal process are unlikely to be seriously confronted with the particular consequences of their wrongdoing for the victims. Likewise, broader contextual factors having a bearing on the specific crime—such as unemployment, lack of economic opportunity, family breakdown or poverty—are of little account in the formal decision-making process.

Restorative justice, by contrast, seeks to situate victim and offender at centre stage in the disposal of a case once responsibility for a particular wrongdoing has been admitted or established. This is often done by bringing offenders, victims and their respective moral communities face-to-face in a controlled conference. A distinguishing feature of restorative justice is its espousal of deliberative democracy as the appropriate process for resolving conflict. This approach stands in contrast to the closed and artificially constrained character of western criminal justice procedure. Victim and offender are encouraged to participate actively in a discursive process in which the wrongdoing, its consequences and the prevention of further offences are fully and openly explored. As Braithwaite puts it

The western criminal justice system has, on balance, been corrosive of deliberative democracy. Restorative justice is deliberative justice; it is about people deliberating over the consequences of a crime, how to deal with them and prevent their recurrence. This contrasts with the professional justice of lawyers deciding which rules apply to a case and then constraining their deliberation within a technical discourse about that rule-application (Braithwaite 1996:8).

Restorative justice seeks to restore dignity and empowerment to the victims of crime, as well as providing more direct restitution for the injury or loss sustained. In doing so, it aims to restore harmony between victim and offender by arriving at a disposal that is, as far as

possible, acceptable to both. Contrition on the part of the offender, forgiveness on the part of the victim and reconciliation between them form an integral part of the restorative process. As well as making amends to victims, restorative justice entails restoring a sense of dignity and empowerment to the offender. This is critical to the successful reintegration of offenders back into non-criminal society and requires acknowledgement of the frustrations and anger lying behind certain crimes, particularly among juveniles.

While criminal justice processes *per se* will obviously never be capable of redressing fundamental issues of social injustice, they should, at the very least, avoid adding to them by, for example, reinforcing the marginalisation of particular social groups. Wherever possible, restorative justice fori should take account of these contextual factors when determining the disposal of particular cases. Where, for example, lack of economic or development opportunities are accepted as underlying particular kinds of crime, then an appropriate restorative outcome should seek to improve such opportunities by linking rehabilitation strategies with educational opportunities, vocational training, micro-credit facilities or project assistance.

Exiting crime

The above summary of restorative justice presents an ideal type and restorative initiatives rarely live up to this ideal in practice—whether in Papua New Guinea or elsewhere. It remains the case, nevertheless, that the most promising strategies for dealing with *raskolism* in Papua New Guinea have been restorative in character. A number of incipient restorative institutions have emerged in recent years. While it is impossible to quantify, there are grounds for believing that these informal institutions have diverted a significant number of youths from crime, albeit temporarily. Informal initiatives have drawn upon institutions of civil society—notably the churches—to mediate between criminal groups and the state. Dialogue, negotiation and reconciliation have been integral to the processes followed. They have sometimes involved offenders publicly acknowledging their wrongdoing, expressing contrition and asking for forgiveness. Negotiations have also sought to address the marginalisations underlying *raskolism* and link the exit from crime to exit from marginalisation. This has most often involved linkages to economic opportunities—small-scale projects, employment, micro-credit

facilities. Perhaps their most striking feature has been the high level of deliberative democracy entailed. Outcomes have usually been the product of protracted discussion and negotiation. These incipient institutions of restorative justice are distinctively Melanesian and have generally been initiated beyond the state, partly in response to the failings of state justice itself. Some examples follow.

Criminal surrenders

The mass surrender of self-professed criminals is the most significant and widespread restorative justice institution that has evolved in recent years. Between 1991 and 1994 local newspapers reported approximately 13 surrenders involving a total of 913 youths and occurring in 8 out of Papua New Guinea's 19 provinces (Dinnen 1995). Many more surrenders are likely to have taken place in practice without attracting media coverage. The size of such groups range from a handful of youths (*Post-Courier* 4 September 1991) to an estimated four hundred on one occasion (*Times of Papua New Guinea* 3 September 1992). Surrendering groups often carry home-made placards written in English or Tok Pisin asking forgiveness and requesting assistance for their chosen rehabilitation strategies. Surrenders are usually the outcome of a process of negotiation involving the brokerage of a clerical worker or respected community leader. Groups from rural villages will often walk considerable distances to surrender in town, where they can attract maximum publicity and have more chance of connecting with government and private sector resources.

Larger surrenders are ceremonious occasions and are likely to attract sizable audiences. These will consist of those surrendering with their support groups, government officials, local dignitaries, community leaders, clergy, as well as assorted onlookers. Criminal leaders will make speeches, recounting their criminal careers, decision to exit crime and chosen reform path. Weapons, ammunition and other implements of crime will be formally handed over, indicating the switch from criminal to reform paths. Contrition will be expressed, as will commitment to reform. Criminal and reform options are usually explicitly connected in the legitimating rhetoric, with the reform path addressing grievances proffered as the explanation for past crime. Speeches will also be given by the non-criminal participants accepting the surrender and offering messages of reconciliation. Surrender ceremonies utilise many of the symbols and discourse of evangelical

ritual. The voicing of contrition, forgiveness and reconciliation are replete with references to notions of sin, salvation, being 'born again' and so on. Prayers are plentiful. In some cases, mass baptism of the surrendering group provides the ultimate symbolic expression of the transformation in identity from criminal to reformed person.

While some surrenders may have resulted in successful long-term rehabilitation, in many cases resources provided have been wasted or rapidly depleted leading to a gradual drift back to crime. Lack of follow-up and technical assistance for surrendering groups has been a serious and recurrent problem.

Gang retreats

Another incipient restorative justice institution is the gang retreat. Two major gang retreats have been held in the Port Moresby area over the last decade. The first was held at the Goldie River Army Barracks in 1985 and its proceedings documented by one of the priests who facilitated the event (Houghton 1985). Approximately 75 self-professed gang leaders and members attended the five-day retreat and held wide-ranging discussions with a number of national leaders including the Governor-General, Deputy Prime Minister and several Cabinet Ministers, as well as with business and community leaders. Gang leaders proposed a moratorium on gang crime in return for a range of economic, social and educational provisions. The deliberations at the Goldie Retreat were overtaken and, sadly, eclipsed by subsequent events. These involved several highly publicised crimes of violence in Port Moresby that precipitated the imposition of a state of emergency in the National Capital District.

The second retreat occurred at Mirigeda in July 1991 where about 500 youths were present and met with the then Prime Minister and a number of his Cabinet colleagues. Once again, lengthy discussions occurred and criminal leaders sought to extract material concessions from government leaders in return for exiting crime. At least one Minister spent the entire night in animated discussion with young criminals.

Following the Mirigeda retreat the national government established a K100,000 'seedling grant' for self-help projects for Port Moresby youth groups (*Post-Courier* 14 August 1991). Where resources for reform have been forthcoming, however, the same practical problems associated with surrenders have been experienced.

Discussion

Clearly there are a number of important limitations affecting these incipient institutions. Not least is the problem of moral hazard, relating to the risk that individuals commit crime in order to access the benefits of particular reform strategies. More significant is the failure of these institutions, in their present form, to address the grievances of individual victims. Another problem lies in the limited follow-up provided in practice, which invariably undermines their long-term survival. While it is important to recognise these and other difficulties, it is equally important to recognise their potential and to consider ways in which they might be developed into sustainable and genuinely restorative responses to crime.

Both surrenders and retreats provide a glimpse of how the strengths of civil society in Papua New Guinea can be nurtured and drawn upon through the provision of socially attuned resolutions to crime. In the process they also hold out a prospect of exit from the marginalisations underlying *raskolism*. Unlike current criminal justice practice, these informal institutions are potentially restorative processes that may have the capacity for breaking the vicious cycle of retributive violence documented above. The mass surrender, in particular, falls squarely within the reintegrative tradition that explicitly 'shames the sin and not the sinner'. This stands in marked contrast to current criminal justice practice that arbitrarily stigmatises the socially marginal and deploys cultural stereotypes against other groups, thereby legitimating their selection for coercive actions. Unlike current institutional practice which reinforces marginalisation, the surrender provides a potential vehicle for reintegrative shaming through the way it can inject employment, education and social development options into the reform process.

Surrenders can also empower individuals and groups to utilise their considerable entrepreneurial talents and energies in socially less harmful ways. It thus encourages less oppressive responses to crime than those associated with punitive politics, while opening up legitimate and, in theory at any rate, lasting alternatives to crime. Urgent attention is clearly needed on how to institutionalise major concerns with the level of criminal violence against women in this context. One possibility might be to link these two incipient institutions. Part of a surrender agreement could thus be a retreat, upon completion of the agreement, in which women of the relevant

communities would assess how well the agreement had been honoured from their perspective.

The surrender provides the gift of amnesty or leniency and, possibly, material resources in the form of jobs and projects to the surrendering group. As such, the surrender provides a point of entry into legitimate economies (gift and commodity) for marginal people. In this way it addresses one of the major sources of marginalisation most frequently voiced by *raskols* themselves. More attention needs to be given to the regulation of surrender agreements. Amnesties, parole, resources and other benefits provided through the surrender are, in theory, conditional on the fulfilment of the terms of the surrender contract. Where these terms are not met, surrender benefits should be withdrawn.

The surrender and, more clearly, gang retreats, encourage a participatory process comprising consultation and negotiation between marginal groups and state officials, mediated through the office of a brokering party. The role of broker is critical in nurturing the level of trust required to make this process work, and in moving beyond the mutual antagonism that has developed between the marginalised and state police in recent years. The process of deliberative democracy in the surrender also provides an important way of constituting civil society.

Church groups have played an important role in brokering retreats, as they have in the case of the mass surrenders. At one level this reflects the prominence of Christian beliefs within the spiritual environment of Papua New Guinea and, more significantly, the key role of church institutions in civil society. It also reflects the moral entrepreneurship of particular churches and individual evangelists who have adopted active roles in the field of criminal rehabilitation, as well as reflecting the neutral status accorded the church by marginal groups. More instrumentally, surrenders and other reform strategies often open up new careers for ex-criminals—crime creates new opportunity structures. Many evangelising crusades, for example, are led by born-again criminals actively engaged in searching out the ‘unwanted and lost’ (Life Outreach Ministries 1989:1).

Surrenders and retreats are distinctively Papua New Guinean modalities of restorative justice. They have sprung up in the Papua New Guinea environment, against the background of the country’s institutional failures and its critical material needs. They also show the possibility of a local response to these needs. In many cases, at least in

the short term, they have helped marginal people. In practice non-state responses will continue to evolve irrespective of what is happening at the state-level. There is no guarantee, however, that such responses might not add to existing marginalisations and gender inequities. We have seen how existing state responses to crime and violence in Papua New Guinea are failing in terms of deterrence and control, are consuming large amounts of scarce resources, and are often leading to counter-productive results. The challenge is to develop a system of socially appropriate restorative responses that avoids these disintegrative outcomes. The institutions of surrender and retreat provide some clues in that direction.

Notes

A different version of this paper has been published in, 1997. *The International Journal of the Sociology of Law*, 25:245–67.

1. *Advertising Missionaries*, produced by Chris Hilton for Aspire Films, Sydney. Screened by ABC on 17th October, 1996.
2. See, for example, UNDP/ILO, 1993:257–75.
3. These include: reconciliation (Dignan 1992; Marshall 1985; Umbreit 1985), peacemaking (Pepinsky and Quinney 1991), redress (de Haan 1990), reintegrative shaming (Braithwaite 1989), republican criminal justice (Braithwaite and Pettit 1990).

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Women and democratic politics in Papua New Guinea

Orovu Sepoe

Structural conditions constitute major impediments to the achievement of equal participation by women in all spheres of national life in Papua New Guinea, as elsewhere in the world.

Political participation can be defined as access to positions of political power and the ability to exert influence in decision-making processes at the level of community and formal institutions. There seem to be two concerns in discussions about political participation. First, increasing the number of a target group in positions of power and second, increasing control and self-assertion. That is, the issue of political participation has to be understood to possess both the quantitative and qualitative dimensions (Karl 1994; Bystydzienski 1992). They are not mutually exclusive.

Community politics must be seen as an alternative model of political representation. The proximity of community politics to the majority of its constituents and the bases of its emergence makes it a lot more representative of people's interests. It caters for and captures the reality of grassroots people and women's lives. Concrete evidence to date in the developing countries suggest that this form of representation is more meaningful and of great significance for the poor. The remarkable expansion of women's grassroots groups, who comprise the majority of the poor, is a reflection of the limits of

institutional politics. The increasing importance of community politics challenges the institutional model of representation. The latter model is inadequate and primarily serves the interests of only a minority, especially those with power and access to other vital resources.

There is no doubt that globally, institutional politics have been, and still are, the domain of men. Women comprise a mere five to ten per cent of the leadership in the top echelon of formal institutions (Nelson and Chowdhury 1994:15). This is not to say that disadvantaged men have enjoyed the same privileges as the rich, but only that their position has been relatively better compared to that of women. Hence, to argue for men's empowerment and representation in this sphere of politics would only serve to reinforce and consolidate existing male bias and dominance. Obviously this would not be in the best interest of women.

The reality of the majority of women's lives does not permit them to be actively and consistently involved in the formal national and international political arenas. However, this should not justify women's absence at this level. The formal legal guarantees of women's rights in the constitutions of most countries do provide a starting point for women's increased participation. Thus, women who have the resources (such as ability, time, funds, and energy) and who can afford to compete and challenge the male-dominated sphere should be encouraged and given the opportunity to engage in politics at this level. It is essential for the purpose of creating a '...greater awareness of political power and of the need to assess political institutions through a gender-sensitive lens' (Tinker 1990:53). This is most probable if and when, some women operate side by side with men at all levels, local, national and international, of institutional politics.

Because of male dominance in institutional politics, issues that affect mostly women, such as violence, reproductive and family health, receive minimal attention.

'Too often, very little happens in large measure because women are barely visible in formal political institutions. Political institutions, whatever the ideology, form, and mobilisation capacity, rest on the virtual exclusion or marginalisation of women from formal politics' (Nelson et al. in Nelson and Chowdhury 1994:3).

In view of this disparity, a number of strategies have been utilised to achieve changes at the institutional level.

The 'culture of women' has been instrumental in effecting change. Women politicians, with the aid of women's groups outside the

legislative arena in Norway, Japan, Canada, and the United States have raised and articulated specifically women's issues such as reproductive health, successfully bringing about changes. In Palestine, Uganda and India nationalist and economic struggles have been fought with women's contribution through women's activities such as cooking and care-giving (Bystydzienski 1992).

Another strategy for empowerment is though increasing the number of women in formal politics. In Norway and Japan, access has been made possible with left-wing parties and political culture strongly based on the values of equality and group rights. More women in the formal arena have contributed to the transformation of agendas and structures and the infiltration of feminine values, experiences and attitudes (Bystydzienski 1992). However, it is important not to overemphasise the representativeness of women in legislatures. Women leaders or Members of Parliament may not necessarily be gender aware to pursue and articulate women's concerns and interests.

The case for women's empowerment in community politics is based on the recognition that women do possess a certain kind of power which they only need to utilise. However, the act of utilising this power must be accompanied by heightened awareness and sensitivity of women to their situations (Wieringa 1994:33). Women need to use their human faculties or rationality to combat gender inequality. Since formal institutions of government are male-dominated and exclusionary, and given women's inadequate resource base, women find themselves much more involved in community politics. Institutional politics is too complex, too distant and alien for the vast majority of women, so that for these women political participation within their immediate environment is a more meaningful and practical option.

Community politics is necessary to raise women's level of consciousness and it helps establish women's self-identity. It gives them an alternative space to articulate their perceived interests and address their own circumstances. This is a far more viable, sustainable and effective strategy for change than those where the initiative is handed down by 'outsiders' or from the top-down. Community politics is an arena of grassroots popular participation whereby there is minimal external intervention. In many developing country societies, common problems of poverty and destitution lead men and women to mobilise and struggle side by side for change.

Community politics is an arena for women to be independent, autonomous, and act collectively for their own benefit as well as their families. The empowerment of women at the community or grassroots level is not necessarily for the good of the wife or the mother alone, but for her children and husband too. It represents women as individuals but simultaneously forges a group identity. Grassroots and poor women prefer informal methods of organising around issues that they themselves perceive as their needs and interests. Where women are involved, politics is non-violent and peaceful. This quality is greatly needed at the national and international levels.

What are the implications for bridging the two spheres of politics? To isolate community politics from institutional politics is unrealistic and self-defeating in terms of promoting the status of women and addressing their concerns. Community politics should be seen as a stepping stone towards influencing certain aspects of 'big politics', whether national or international. There are all sorts of issues which affect women that need the attention and action of both national and international institutions and organisations such as the environment, population and structural adjustment. The structures of 'big politics' are primarily responsible for the many predicaments women face in their lives. Thus, there is no need for such a dichotomy in politics.

The rest of this chapter looks at the marginal position of women in formal institutional politics of Papua New Guinea, and the possibilities of developing stronger links with the concerns of women outside.

It begins with sketching the political and economic background to overall gender inequality and the consequent struggle to organise for change in Papua New Guinea.

Gender and the economy since colonisation¹

Women are, more frequently and consistently than men, adversely affected by economic change. The division of labour in Papua New Guinea during and since the colonial era has accentuated the inequalities between men and women.

The need for labour in colonial cash crop plantations drew mostly men away from their villages. Their resulting long absences left the women who remained behind in villages with increased workloads. Men were taught the skills, the language, and acquired the tools to enable them to fit into the new socioeconomic and political order. The

development model aspired to upset the pre-existing order and subsequently left women out of the imposed order.

In the first four years of statehood, 1976–79, Papua New Guinea enjoyed a healthy economic condition in the favourable world economic climate at that time. The harsh realities of integration into the global economy started showing up in the early 1980s with the second major oil price rise and the subsequent global economic recession. From 1980 onwards, Papua New Guinea's level of indebtedness and the burden of debt servicing increased. Drastic falls in primary commodity prices and the production decline of Bougainville Copper Limited induced the government to adopt policies appropriate to maintaining 'a healthy balance of payments and a manageable external debt burdens' (National Public Expenditure Plan 1982:1). Export-led and growth maximising economic measures have become the overriding concerns in Papua New Guinea's development strategies since the early 1980s. In spite of poor price prospects for Papua New Guinea's major exports such as copper, gold, coffee, and cocoa, the country continued to pursue an agricultural and mineral export-led economic development model. It had been advised that '[i]mproving agricultural sector performance has the highest priority for sustaining economic growth in PNG'.² By 1981, the government had clearly committed itself to 'increasing economic production', which received by far the largest of project expenditure—40 per cent of the total budget compared to the 29 per cent allocated to welfare or service-oriented 'strategic objectives'. The implications for Papua New Guinea's redistribution policies were that these were not amongst the government's priorities.

With the onslaught of neo-liberal economic reforms in the early 1990s, the economic situation has resulted in user-pay policies. Higher school fees are applied at all levels of the education system, with reductions in the provision of basic social services such as health. In common with many other developing countries, the ensuing economic crises and the subsequent IMF and World Bank Stabilisation and Structural Adjustment Programmes have placed severe strains on the availability of basic services for the deprived and marginalised.

The adverse effects on women of 'economic efficiency' development models such as those pursued by successive governments in Papua New Guinea is now widely documented. Cutbacks in public sector expenditure have meant that the private sector is expected to take on the responsibilities for provision of basic

services. Hunt (1993:5–6) tells a story very typical of many rural women and families in Papua New Guinea today.

If government spending on health is reduced and a local health clinic closes, a woman inevitably walks further with a sick child to get help or nurses her longer. As public expenditure on education has been cut, schools have called on student's families to contribute more to maintain meagre educational services. The cost may well be borne by the girl in the family dropping out of school altogether, as boys are given priority, and the vicious circle of women's poverty carries into the next generation, with low levels of literacy for women.

Continued negligence of the unpaid and undervalued work of women in the subsistence sector further disadvantages the already overworked woman, whose health may suffer as a result. Women's perspectives are not incorporated into structural adjustment programs, with the result that women remain where they have always been, responding through the informal sector and other means for survival. Their lives have yet to be accounted for by those in positions of power and influence, and in control of resources.

Politics and the 'bargaining process'³

At Independence, Papua New Guinea inherited a Westminster parliamentary system of government, based on the principles of constitutionalism, and multi-party politics. These institutional formalities aside, politics in practice is Papua New Guinea's very own creation. The style of politics which has developed and persists in Papua New Guinea today is a 'bargaining process'. It is essentially pragmatic and opportunistic (Saffu 1982). Actors or participants in the process do not set much store by principles if these do not gain them access to the centre of political power. Political parties are particularly interesting because of the impact they could have on other actors and on the political process—Papua New Guinea has had coalition governments since 1973. In Papua New Guinea, political parties are immensely fragile and range from no-ideology to a nearly non-ideological grouping. The parties lack firm political commitments. If political parties were a more formidable force in formal politics, and showed sure commitment to advancing women in the sphere of formal politics, women members of parliament would not be as rare as

they have been, and redistributive development goals would have received much more concrete political support.

Policy issues are not important in Papua New Guinea politics (Oliver 1989). Numbers matter more than policy issues. Whether or not women candidates explicitly voice women's issues, they implicitly manifest them by contesting elections. Their participation in the electoral process reflects their image as women in what is already a firmly established male domain. But unless the population is sensitive to policy issues, women's issues are unlikely to have much impact in electoral politics.

In the early days, politics was not obviously an avenue to rapid wealth. In Papua New Guinea, as elsewhere, it now takes money to even enter politics. So, where are the women with thousands of kina in their own right to compete in electoral contests? The party system appear to be irrelevant for attracting votes, though parties are not endorsing women candidates in the first place. There is a notable absence of women in the highest decision-making forum.

Because only a minority of elite women are conscious of the gap in the institutional political life of the country, they make special efforts to be involved in electoral politics. These are the women who are able to verse themselves with the processes and structures of the formal sector. They decide to contest elections in the hope that their presence will reflect the broader image of women's active participation in national politics. Rural women are effectively left out in the decision to participate as candidates themselves or to lend support to these elite women who contest. The potentially greatest support base—rural and non-elite women—is sawn off, so to speak. Overall, women's formal political participation at the national level remains thwarted.

Currently there is not one single women member of parliament in Papua New Guinea. This has been the case since 1987 (Table 11.1). Since Independence in 1975, Papua New Guinea has held four national elections, and only three women have become members of parliament. In the first post-Independence election of 1977, a total of ten women candidates contested and only three won seats. In the 1982 election, seventeen women contested. One won but only after a successful appeal to the Courts of Disputed Returns. In 1987, 19 women contested but none succeeded in winning a seat. In 1992, 16

women contested but, once again, none won. The 1997 election has seen a threefold increase in the number of women candidates.

Community-based political participation

The Papua New Guinea Association of Women In Politics (WIP) was set up in 1986. The group was a brainchild of a small group of women who saw the importance of increasing women's participation in formal decision-making. Its founding members were amongst the country's small but growing number of professional women, or those belonging to the socioeconomic and bureaucratic élite.

The group's motto is 'For Greater Participation in Politics'. The objectives of WIP are

- to provide technical, moral and, where resources allow, financial support for women candidates contesting public offices at all levels of government in the country
- to advocate and bring about equal educational and other opportunities for members of the Association, and for women of Papua New Guinea generally
- to provide a forum for members to meet and discuss, or deal with, matters of political of common interest, and
- to disseminate information on political and other activities in any way the Association considers proper.

Table 11.1 Female candidates and members of parliament, 1972–92

	Total candidates	Number of female candidates	Per cent female candidates	Female
1972	608	4	0.66	1
1977	880	10	1.14	3
1982	1,124	17	1.51	1
1987	1,515	19	1.25	0
1992	1,653	16	0.97	0

Source: Sepoe 1995, 'Women in the election: casualties of Papua New Guinea Political culture' in Y. Saffu (ed.), *The 1992 Election*, University of Papua New Guinea Press, Port Moresby.

Between the late 1980s and early 1990s, the group faltered along the way for various reasons, including financial and management problems. In December 1993, a special meeting was convened to make a fresh start. The outcome of this was a general meeting the following year and the election of Au Aruai as the President. During Aruai's term as President, WIP conducted some research into what the group saw as impediments to women's greater participation at all levels of government, with greater emphasis at the national level.

The political, economic, and social conditions in Papua New Guinea provided an impetus to the formation of WIP. From its formation, it is the WIP member's belief that a requisite number of women in the national PNG Parliament can make a difference to the way the country is being governed. The desire to participate actively in decisions affecting the lives of women is of utmost importance to the group. However, the socioeconomic background of WIP reveals its limitations. The founding members and a bulk of the association's membership comprise educated, professional, and business women whose world views and lifestyles bear little resemblance to the majority of women who live in rural areas and whose daily existence bear the mark of customs as well as a lack of rights and opportunities in contemporary Papua New Guinea. An over-emphasis on the relative élitism of WIP members, however, ignores the qualitative difference this form of political participation could mean for the marginalised.

WIP is a classic case of 'women organising' as the route to power at the centre. The notion of 'women organising' generally refers to all forms of collectives, structured and unstructured, concerned with addressing gender issues in society, or effecting changes to women's situation generally. 'Women organising' is a form of political participation which throughout history has challenged gender relations in significant ways. This form of participation has occurred in both community organisation where women are also active participants alongside men and in women-only organisations. However, WIP's currently narrow conception of political participation must be enlarged or expanded to include the situation at the household, national and global level. After all, decision-making does not just take place in public offices. It starts at home, in villages, and in churches. The activities of WIP and other concerned groups must extend beyond the confines of the capital and the provincial headquarters into the villages.

While the driving force for the group's formation was the absence of women in Parliament, a lack of broader understanding of political participation has limited WIP's potential to realise a broader basis of societal support for its goals. The process of organising must in itself be empowering. In reaching out to the grassroots or in communicating and raising awareness at the lower levels, women must be directly involved. WIP must work through the majority of women at the grassroots level. This means reorienting our way of thinking from 'the educated know best' or 'we are the experts' to a perspective whereby we involve grassroots women and acknowledge their abilities and knowledge. A top-down strategy will not achieve much. Let the information flow in both directions. In this way, WIP can provide the link between women's concerns and mainstream political arena.

Women's groups are central organs of family and community interests. Local communities throughout the entire country have played an invaluable role in the sustenance of their respective families and communities, with very limited resources. Women speak through their organisations but their voices often go unheard. Supposing there was no National Council of Women (NCW), where would Papua New Guinea women be now?

Structural problems have been seen to be a major cause of the limitations of the Papua New Guinea National Council of Women. However, an overemphasis on its bureaucratic and management structure has meant that the changes for women have been largely underestimated. I do not want to put forward hard and fast rules on how to change the structures or forms and strategies. Instead we need to change the way women's organisations are perceived. The crux of the problem with 'women and development' is not how to get women actively involved but rather to recognise and support their various roles and activities. This suggests a shift from models of women's organisations that seek to address the question of 'how best' to organise women in a framework which accounts for the work women are actually doing collectively. The focus should be on the roles women already perform in society, individually and collectively, rather than forms of women's organisations.

For far too long, women's groups have been made to operate on the margins. Though marginalised and made invisible, women's groups perform a very crucial political role of representing women. There is a need to recognise and accept women's groups as an

alternative form of political representation, thereby bridging the gap between the conceptual and practical divide in what is 'political'.

The more progressive women's groups are already engaged in this political strategy of bridging grassroots politics with national politics. It is hoped that in the hundreds of groups throughout the country, a great majority of their members will become part of this bridging process. In September 1996, WIP conducted a workshop for intending candidates for the 1997 national election. Most of the participants were established figures in their respective women's groups. The WIP workshop was a splendid example of trying to create linkages between community-based politics and formal politics. Such efforts create linkages between politics where women are predominant and politics where men predominate. A similar workshop was conducted by the Catholic Women's Group on 'women in politics', held in Wewak, East Sepik Province around the same time. Such activities signal a breakdown of the distinction between community-based politics and formal or institutional politics in Papua New Guinea.

Women's experiences and perceptions of their lives

Are rural or grassroots women aware of their situation as depicted in statistics? Do they have anything to say about their own lives as they see and perceive it? Are women of different social and economic positions in present day Papua New Guinea being accounted for? Accounting for perceptions of women is, in essence, being inclusive in the theory and practice of development. Here is a very strong and clear message from a rural-based women's group in Papua New Guinea.

Reports, case studies and complicated analyses of 'women and development' appear on the world market with increasing frequency. Based on these, there is a growing theory of the principles and practice which promote equal participation in development. There is a lot of personal power, prestige and credit to be gained from presenting manuscripts and publishing such material for international audiences and consumers of development documentation dossiers. As this practice proceeds and gains popularity there is less and less chance to prove the validity of these apparently informed and scholarly documents. The publications of development consultants and scholars are rarely sighted by, and anyway can seldom be read by the objects of the study and observation—the people at the very base of the theorising...Academics who document women and development often

do not share their 'insights' with the women who are their subjects... There is a need to record and document directly women's own statements on what they have done and experienced in the name of development ('East Sepik Women's Development Documentation and Communication Project' 1987).

Women's groups apparently operate separately within 'their' sphere of politics, but in practice have forged links with the institutional sphere of politics. An increasing number of women contesting elections over the years have begun their public life with women's groups. Women's groups have served as training grounds for leadership skills and qualities of most women who decide to enter 'big politics'.

Furthermore, the issue-oriented and non-partisan approach of women organising in Papua New Guinea fills a vacuum at the institutional level of the political process, with its appalling lack of commitment to addressing specific development issues of concern to women. Apparently, even the most isolated women are not apathetic. Women, individually or collectively, do have something to say to office holders in government institutions.

'Women today'⁴ in Papua New Guinea

The following section is an anecdotal account of women's experiences and perceptions of the changes in Papua New Guinea today. It tells the stories of individual woman and women's groups from different socioeconomic backgrounds throughout the country so that their voices can be heard and their lives understood.

Case one

'Many boys in my class teased me for taking up woodwork; to make things worse, I was the only girl in the class but I did not let the boys get away with it—I showed them that I could do what they were doing'. This is the 'voice' of Alice, a young teenage girl, who after completing grade six of primary school went on to do carpentry at a church-run centre for school leavers. While all the other girls took up sewing and cooking, she had to convince her father that this was her choice. At the end of the course, she will receive a trade certificate but is uncertain where she can find a job (*Post-Courier* 21 November 1996).

Case two

Vai, 30 years old and married with two children, is a technical officer with Post and Telecommunications Business Services. Carrying ladders, fixing cables and climbing roofs and walls is all part of being a technician. Her story was captioned with the heading 'Women taking on the tough jobs of men'. She admits it was hard at first but has succeeded and says the job is no longer male dominated and encourages more women to take up work in this area (*Post-Courier* 25 April 1996).

Case three

Misima is a gold-rich Island in the Milne Bay Province. In a mining agreement signed in 1990, women were not involved in the decision-making. Their society is matrilineal so women had the right to land matters and other events of significance, and that traditionally men would respect them. Representing women from villages in and around the vicinity of the gold mine, two women leaders from the area says; 'our men had forgotten the tradition when they left us out [in the mining agreement] and we and our children are now victims of the effects of the mine. If we were included in the decision-making, we would have demanded a better deal'. The government is to be blamed for not creating community awareness on the impact of the mine prior to its operation. Women are now feeling the impact, much of which is negative from their point of view. Their lifestyle, including their way of dress (which is basically a grass skirt, leaving their top parts of the body bare); use of natural herbs and plants for curing and prevention of illnesses; local dietary habits increasingly replaced by imported food stuff; marriage problems; and emerging prostitution. 'We see our traditional culture like skills, rituals, dances, herbs and marriages fast diminishing because of what the money from the mine is doing' (*The National* and *Post-Courier* 4 July 1996).

Case four

In October of 1996, police raided an illegal 'brothel' in Port Moresby. Altogether 40 men and women were arrested. The women's age ranged between 17–35 years, some of who were married with children. Economic hardships in the city had forced women to resort to this means for survival. In court, the women pleaded guilty and

were fined K200. One woman amongst them claimed that she charged between K40–50 per client and made between K250—K300 a day. Their clients included middle-class and highly placed male citizens. All those women knew it was illegal, and knew of the health risks, but that was the easiest option for survival in an urban context where jobs are rare and other opportunities for earning income are circumscribed. ‘Of course we knew the dangers of contracting sexually transmitted diseases..., particularly the AIDS virus, but we have to make a living...’ (*Post-Courier* 22 November 1996).

Case five

In the sub-district of Oslobib, several kilometres from the mining township of Kiunga in Western Province, there is a Catholic women’s group. In one of their houses, the women wait turns to sew with a handful of sewing machines. The clothes sewn are then sold for money for their club. In another shelter with walls made from woven bamboos and roofed with corrugated iron, literacy classes are conducted for adult women. The literacy teacher is Ann, who is not formally educated but has long been a community leader. She has been invited on occasions to the Summer Institute of Linguistics in the Eastern Highlands Province, where the bible has been translated into their local language. Given her exposure, she says it is her motivation to help people that makes her take up the leadership role (*Post-Courier* 2 May 1996).

There are several broad themes emerging from the stories above. First, women are not a homogeneous group. They are divided by class, education, age, religion and, therefore, bear different messages for their lives. These differences need to be acknowledged in efforts towards ‘women’s advancement’. Second, it’s not all ‘gloom and doom’ for women who, despite considerable barriers, carve out spaces and create (or seize) opportunities, to do something for themselves. With very limited resources, some achieve tremendous success, while others continue struggling. Third, the resilience and bags of energy of women continues throughout any women’s life, yet they are still unacknowledged and undervalued. Are they worthy of being called passive victims? Are they not the real actors in development?

Conclusion

Women’s organisations can and should be seen as political. It is a form of political representation and has the potential to facilitate social

changes. With the absence of women politicians, and only 11 per cent of formal decision-making positions filled by women in Papua New Guinea, how have women's perspectives and visions of national development reached the higher echelons of decision-making?

This chapter has argued that it is women's activities, agendas and demands at the collective level that have contributed to the changes achieved thus far in Papua New Guinea. There are conscious and continuing efforts to establish and sustain women's collective action and forge links with the state. This relationship is a positive development because it marks the beginnings of a link between community politics and institutional politics.

Why consider women's groups as political agents? In the absence of women's voice in all centres of decision-making, women's collective priorities and agendas, and their activities are political messages which need to be recognised as such. These messages are projected where women participate most, in their groups. The expectations of power wielders that women should channel women's concerns into one single body, the National Council of Women or such other body, are unrealistic. Women's organisations target gender inequality, directly by the élite and more often indirectly by the great majority of women when they sustain family welfare, and cater for community concerns. And yet much of these efforts remain undervalued and unrecognised, both in development theory and practice in Papua New Guinea.

Notes

1. The sources of information on post-Independence macroeconomic trends in this section *PNG Country Economic Memorandum* (n.d) and the National Public Expenditure Plan 1984–1987.
2. *PNG Country Economic Memorandum* (n.d):54.
3. The discussion here has been drawn, again, from my contribution to Papua New Guinea's 1992 National Election study.
4. *Women Today* is the name of the section in the *Post-Courier*, a major national daily in Papua New Guinea; one of the sources of stories of women presented here.

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The price of election campaigning in Samoa

Asofou So'o

Political parties in Samoa select their candidates for the elections, pay their candidates' nomination fees, and are collectively responsible for the party's manifesto, but the bulk of the campaign is left to individual members of parliament. There are generally two phases of any party's campaign. The first involves the party as a whole. The second, discussed here, relies solely on the individual member.

As the competition for parliamentary seats intensified during the 1980s, the economic resources required by high-ranking titleholders became increasingly difficult to obtain. There was also a gradual realisation of the need to have candidates with formal education. These factors gave rise to the notion of accepting a candidate who was a lower-ranking titleholder who had some kind of formal education and economic resources for political campaigning. At the same time, the embarrassment of a high-ranking titleholder being defeated by a lower-ranking titleholder would be avoided. Should the lower-ranking titleholder be successful, on the other hand, he/she was nonetheless a member of the family who would therefore help maintain the traditional rank and recognition of the family's highest-ranking title within the village and constituency, and nationally.

Mr X's political career will be discussed to show how political support in the present political setup in Samoa is obtained. The

campaign strategies he adopted are common campaign tactics used by candidates in parliamentary elections. The case gives an insight into the roles played by the village councils and cultural aspects that the candidates have to take into consideration in their campaigns. Furthermore, it also shows the kinds of expenses parliamentary candidates have to meet in their quest for political success.

Mr X's campaigns

Mr X contested for the first time the seat for Y constituency in the 1982 general elections. He had married a woman whose family was in one of the villages in the constituency. Mr X's wife's family was descended from one of the four highest-ranking *alii* in the village. Before the 1979 general elections the holder of the family's highest ranking title decided to confer one of the family's titles on Mr X. Among other reasons, the decision was made with the intention that Mr X contest the parliamentary seat for Y constituency in the 1979 elections. Only once in the mid-1930s was a holder of the family's main title recognised in government circles, when he was appointed as one of the assessors of the Land and Titles Court in July 1935 (WSG, 87, 2 May 1935). The family's main titleholder had intended Mr X to contest the constituency's seat so that the family's name and traditional socio-political status be maintained, if not enhanced.

The decision that Mr X contest the constituency's parliamentary seat was unusual in the cultural context because in-marriage spouses do not normally hold high status (if they have any status at all) in the families of their spouses. Moreover, the title conferred upon Mr X was one of the family's lower-ranking titles. However, Mr X was not only the incumbent head of the administration section in one of the government departments, but he had two shops in the country's only town, Apia. Mr X was thus looked upon as someone with experience of the modern world. Most importantly, he had at his disposal the necessary financial resources for election campaigns. Mr X decided against running in the 1979 general elections because he thought he was not ready for it. Before the 1982 general elections the family's main titleholder conferred other titles on other members of his family with the intention of improving Mr X's chances of being elected, although the decision simultaneously enabled other older members of the family to attain *matai* status befitting their ages. Mr X won the 1982 elections, having polled 34 votes—according to him was the exact

number of *matai* of his wife's family who cast votes in the elections. Except for six ballots that were rejected, the other 141 ballots were shared among the other seven candidates. Since then, Mr X has remained constituency Y's member, up to the present.

Because Mr X resided permanently in Apia while his constituency Y was in a different part of the country, he decided to return to the constituency a few months after his win in the 1982 election was confirmed to show the voters his appreciation for being elected. The local newspaper *Samoa Times* (14 May 1982) has recorded that Mr X provided his constituency with six cattle, a number of kegs of salt beef, many cartons of tin fish, and cash totaling more than WS\$2,000. A repeat of the procedure in the period leading up to the 1985 general elections enabled the author to observe the amount of money spent on purchases of presents for the constituency and the manner in which the various articles were distributed.

Constituency Y comprised six villages (hereafter referred to as V1–V6 respectively). Every village had its own village council. In the 1985 election campaign the following procedures were followed. About three months before the elections, Mr X invited about ten *matai* from the constituency to his residence in a village about five miles from Apia. The *matai* (hereafter referred to as the Main Campaign Committee (MCC) comprised about half those who resided permanently in the constituency. The other half resided in villages on the island on which Mr X resided, although most of the *matai* in the latter group resided in villages around the Apia area from where they commuted to work in Apia. The secretary of the MCC was the eldest son of the main titleholder of the family of Mr X's wife (hereafter referred to as Mr Z).

Mr Z was the ideal person to be the MCC's secretary. He held one of the high-ranking *tulafale* titles in the village where his father held the family's highest-ranking *alii* title. He also held one of the two highest ranking *tulafale* titles at his mother's village, which was a different constituency on the same island. He resided permanently at the latter village, where he was the principal of that village's primary school. Mr Z was not only well known in his father's village, but the fact that he was a primary school principal as well as a holder of another high-ranking *tulafale* title (a nationally recognised one), helped him win over the voters to Mr X. Most importantly, from Mr X's point of view, Mr Z was a trusted person because he was related and had the best interests of the family at heart. One of the reasons Mr Z would

not dissociate any personal ambitions he might have had from those of Mr X were the words spoken by his father when deciding to confer the family's title on Mr X. As Mr Z's father had since passed away, he wanted Mr X to keep winning the constituency's seat in order to keep alive his father's dream.

Chaired by Mr X, the MCC resolved that its members residing around the Apia area would be responsible for identifying all the *matai* of the constituency there and on the island in general. Thereafter they would maintain contact with these voters in order to win over their support to Mr X and to maintain that support should other candidates try to lure them away. Having returned to the island where they resided permanently, Mr Z and his sub-committee (SC1) tried to identify the voters residing in villages outside the constituency and to organise them, as the Apia sub-committee (SC2) was doing with prospective voters on that island. Included in SC1 was at least one *matai* from each of the six villages of the constituency. Usually these village representatives held positions of influence in their respective villages, as *pulemuu* (village mayors), highest ranking *tulafale*, highest ranking *alii*, retail shopkeepers, and so forth. Through these representatives, Mr X's wish to contest the seat would be informally made known to the different villages.

The best result the representatives in the six villages could achieve would be to get their respective villages to agree unanimously to Mr X as the constituency's member of parliament. At the village level the issue of supporting Mr X as the constituency's member would be discussed in the village council. Normally, however, the decision would be swayed by the opinions of the high-ranking titleholders. Usually, holders of these titles would make up at the most about a fifth of their respective villages' *matai* population. Should a village attain unanimity, the village council would normally have two opinions: they would either pass a formal resolution that all its *matai* population would vote for Mr X without attaching to the resolution any sanction should some *matai* decide to vote for other candidates,¹ or they would make it a part of the resolution that any village *matai* voting for another candidate would face village sanctions after the elections. Adherence to the first resolution would depend on such factors as the *matai*'s respect for the village council's decision, genuine support for Mr X, or both. The second resolution would usually be agreed upon if some of the *matai* were suspected of supporting another candidate. In the absence of unanimity, the committee representatives would at least

get a feeling of the extent of support for their candidate, or otherwise, in their villages.

With all this information relayed to the MCC, and to Mr X, the next stage of the campaign was to set a date on which Mr X would visit all the villages in the constituency to officially notify them of his intention to be their member again. The date set, the six villages were notified through the SC1 members. On the day Mr X was to visit his constituency, two trucks were loaded full of goods and another vehicle was set aside for Mr X's personal use and to carry members of his immediate family who would help in the distribution of goods. The goods included some to be used by Mr X's visiting party (who would be there for a least two days), the members of the family of Mr X's wife, and other family friends who were awaiting the visiting party to help in the distribution of goods to the villages. The visiting party left in the late afternoon so they could arrive at night and be ready early in the morning for the task they had set out to do.

Having had breakfast the following morning, the distribution of goods began. V1 was the first village to be visited. Immediately upon arrival, the *kava* ceremony to welcome the party began. The *kava* ceremony was followed by speeches. The first was a short speech given by the secretary of Mr X's MCC to introduce Mr X. Mr X then briefly outlined the government's development projects both completed and in progress. He also gave a brief summary of the general trend in government policies and the government's achievements to date. The next part of Mr X's speech was handing back to the village the constituency's seat he had held for the last three years. This was followed by his request to be the constituency's member again for the next three years. Mr X's speech concluded by wishing the village council and all the members of the village good health.

Responding to Mr X's speech was the *matai* representing all the *matai* and members of V1. The speaker was a holder of the highest ranking *tulafale* title of V1. His speech thanked Mr X for representing the constituency well in parliament, and conveyed to Mr X that V1 had unanimously agreed upon having Mr X as the constituency's member again for the next three years. Mr X's secretary responded with a word of thanks before the visiting party proceeded to the final stage of the visit, which involved the presentation of gifts.

Speaking on behalf of Mr X, Mr Z, in accordance with custom, gave the *tulafale* who spoke on behalf of V1 a present of WS\$100. Each of the

five *matai* of V1 who contested the customary right to deliver the speech on behalf of the village (*faatau*) was each given a present of WS\$20. In accordance with custom, another WS\$100 was given as a present to all the V1 people who participated in the *kava* ceremony. Finally, Mr Z presented to V1 what Mr X had prepared as a way of thanking them for letting him hold the constituency's seat in the last three years. The present comprised 10 kegs of salt beer, 10 cartons of tin fish, a whole cow and WS\$1,000 in cash. The present package did not include five cartons of biscuits, five blocks of butter and a 30-kilogram bag of sugar for the village council's breakfast. Having unloaded the goods in front of the meeting house, the visiting party's truck hurried back to the houses of the family of Mr X's wife, which had been established as the visiting party's headquarters, to reload ready for the visit to V2.

From V2 to V6 the same procedures were followed and the same quantity and types of gifts were presented, with a few minor variations depending on the number of *matai* who contested the customary right to respond to the visiting party on behalf of their respective villages and the *matai* who eventually gave the speech. For example, at V5 the *matai* who gave the village's main speech was an influential and well-known *tulafale*. He had been the constituency's member in the 1967–69 parliamentary term, the holder of one of the subdistrict's highest ranking *tulafale* titles, and was also one of the oldest traditionally recognised *tulafale* in the constituency. Moreover, as one of the nationally recognised authorities on traditions and a reputed orator, his speech greatly impressed Mr X and his visiting party. Mr X decided on the spot to give him WS\$200 instead of the sum that was given to representatives of the other villages who did the same task.

Tables 12.1 and 12.2 summarise the approximate amount of money that was spent during Mr X's visit to his constituency in December 1984, in preparation for the general elections to be held on 22 February 1985 (So'o 1996).

Samoa's 21,400 people in salary and wage-earning jobs in 1984 constituted 13.6 per cent of Samoa's population, based on the 1986 census. Their average gross salary/wage was WS\$2,300. Thus, a Samoan earning the average wage/salary would have to save all his/her salary, without tax being deducted from it, over about seven years before he/she could afford the presents Mr X gave his constituency in one day. By Samoan economic standards, Mr X's expenditure on

Table 12.1 Quantity of items presented as gifts to the six villages in constituency Y

Villages	Kegs of salt beef	Cartons of tin fish	Whole cattle	Food for council's meal	Cash (approx. In WS\$)
V1	10	10	1	Yes	1,300
V2	10	10	1	Yes	1,300
V3	10	10	1	Yes	1,300
V4	10	10	1	Yes	1,300
V5	10	10	1	Yes	1,300
V6	10	10	1	Yes	1,300
Total	60	60	6	-	7,800

presents to his constituency was exorbitant, and the quantity of his presents had increased from one general election to the next.

Mr X's source of finance

Mr X had two main sources of finance. The first source was his own money. This included money he saved from his salary, being a member in the current parliament, and money he earned from the sale of goods in his retail shop. The second source of finance was donations, which were of two types: those from Mr X's brothers, sisters, and friends; and those from Mr X's children. At a different general election, Mr X's children donated between WS\$2,000 and WS\$5,000 each, excluding cartons of tin fish and kegs of beer. Mr X's friends, sisters, brothers, and children resided in Samoa and abroad.

Table 12.2 Approximate cost of items presented as gifts to the six villages in constituency Y

Items	Total cost for V1–V6	(Approx. In WS\$)
Keg of salt meat	30 x 10 x 6 =	1,800
Cartons of tin fish	50 x 10 x 6 =	3,000
Whole cattle	500 x 1 x 6 =	3,000
For council's meal	butter 3 x 5 x 6 =	90
	sugar 10 x 6 =	60
	biscuits 8 x 5 x 6 =	240
Cash	-	7,800
Grand total		15,900

Having visited all the villages of the constituency, Mr X and his party returned to Apia. With that stage of the campaign out of the way the work of the two sub-committees continued until the day on which the general elections were held. Both sub-committees not only identified the *matai* belonging to constituency Y and kept in touch with them, but were also responsible for bringing to the registration officers those whose titles had not yet been registered on the constituency's *matai* roll. Such tasks involved meeting the expenses to transport the *matai* to the registration offices and back to their places of residence. As such *matai* could be residing anywhere throughout the country, the time and expenses involved in such activities could often be very substantial. These activities were continued up till election day.²

On election day

Another important part of the campaign took place on the actual day of the elections. Section 59 of the *Electoral Act 1963* provided that voters in the 41 Samoan constituencies were to cast their votes at the polling booths to be established in their respective constituencies. Normally, a large number of voters resided in villages outside their titles' places of origin, that is, outside the constituencies for which they voted. Organising these voters in pick-up places and transporting them to the polling booths and back to their homes required a lot of planning and time, and most importantly expenses, for which the parliamentary candidates were responsible. The candidates either paid these expenses personally or the money was given to members of the campaign committee who had brought the voters in to vote. Once these voters arrived at the polling booths, the transportation effort concentrated on voters who resided within the constituency. The more vehicles the candidate had the better. These were the critical last moments of the electoral campaign. Sometimes the candidate who provided the most transport had the edge over others, as voters might decide to vote for the candidate whose vehicle transported them to the polling booths. In the 1985 elections, Mr X and his campaign committee were aware of these factors. They made available three pick-up trucks, a van, two buses and a removal-size truck. Mr X travelled around in his own car.

As voters had been transported to the polling booths from all over the country, Mr X had to provide food for them. The majority of those who had travelled to the constituency from afar, in particular those

who had travelled from the other island, arrived the day before and throughout the night before the elections. They all stayed at the houses of the family of Mr X's wife. Having cast their ballots, the voters returned to Mr X's campaign headquarters for nourishment. This was the time when the voters exercised their freedom to choose the candidate whose food they would eat. Usually, however, only the loyal supporters of Mr X would turn up at Mr X's headquarters for a meal and a few drinks. Among them were the *matai* from V1 and V2 who had told Mr X on the day he visited the six villages of the constituency that their villages had agreed unanimously upon Mr X. The older *matai* and Mr X's ardent supporters would wait around until the election officers at the local polling booths had read out the results.

Regardless of the results (in the last four general elections Mr X had always been successful), an after-election party would then begin. This was another source of expense. Unsuccessful candidates who intended to contest the next elections dare not neglect the voters at this point because voters could hold this against them. Moreover, should the seat be declared void after a successful election petition, and should the same candidates stand in by-elections,³ the candidates who neglected the voters after the general elections would pay dearly for that neglect. After the party, Mr X and his MCC returned to Apia. It was the time for Mr X to show the MCC his appreciation for the effort that had gone into the campaign in the last five months. Clearly, the electorate can extend some leverage and 'extractive capacity' over the candidates at election time.

Reciprocating members of the campaign committee

The relationship between candidates and members of their respective campaign committees varied from one candidate to another. In Mr X's case, some members of the committee were given cash ranging up from a minimum of three hundred dollars. This was to help members of the committee with their travelling expenses and expenses involved in identifying voters, maintaining contact with them, transporting them to the registration offices and back to their homes, and providing food and drinks during the registration process. Mr X had no choice but to trust the honesty of his committee members in the manner in which the money given to them had been spent. Mr X took into account all these factors, and as he had no reason to believe that money had been abused by the committee members,⁴ they had to be

thanked for their effort. Presents of this nature were not exactly the sorts of things that would be made public. The author knows of one candidate in the 1985 general elections who gave a quarter-acre piece of land he had recently brought as a present to one of his campaign committee. Pieces of freehold land for sale were not only hard to get, but their average costs was beyond the financial capacity of most Samoans. The market price of a quarter-acre piece of land at the time was WS\$15,000. According to rumour, another candidate in the same general elections had paid the entire cost for the construction of a two-storey building belonging to a prominent member of his campaign committee. The author also knows of one candidate in the 1991 general elections who gave his pick-up truck as a present to a prominent member of his campaign committee. In the case of Mr Z, not only was his trust and contribution to Mr X's election victory sufficiently reciprocated at the 1985 and all other elections, but he was appointed an assessor of the Land and Titles Court. As a member of parliament of the political party in office, Mr X had lobbied successfully in government circles for the appointment of Mr Z. With Mr X as Constituency Y's member, and Mr Z an assessor of the Land and Titles Court, the dream of Mr Z's father to maintain the traditional status and recognition of his family seems to have become a reality.

An estimate of Mr X's campaign expenses in the months leading up to the elections (excluding expenditure on the day he visited the six villages in the constituency) would be at least WS\$15,000. Generally, expenses in the months leading up to the general elections were only part of what was spent in the three years during which a member held his seat. As one high profile member has said

A member is his constituency's bank; birth certificate person; loan officer; the financier for the construction and repair of his constituency's schools, hospitals, churches, and so forth; the provider of school fees; the host for the constituency's visiting parties that may happen to arrive at Apia at any time throughout the three year parliamentary term; among other culturally-related activities (Interview, 8 October 1993).

Not surprisingly, Polataivao Fosi, currently (1992–95) a minister of cabinet who has held the seat for the Gagaifomauga No. 3 constituency since 1964 except for his only defeat in the 1979–81 parliamentary term, has said that he must have spent about four million dollars on his constituency. 'That is why I have been in parliament for over thirty years', he told the present author (Interview,

30 September 1993). Regardless of whether or not Polataivao carefully recorded the amount of money he had spent, his statement suggests that campaigning to be a politician is an expensive exercise in Samoa. Being elected unopposed may be a great help but the member is still obliged, in accordance with custom, to reciprocate his constituency's faith in him. For aspiring and incumbent members, this requires a secure financial base. As the number of members elected unopposed declines and the competition for parliamentary seats intensifies, so have the aspiring member's campaign expenditures increased, primarily to satisfy existing indigenous institutions and the various customs and cultural values associated with them.

Given that so much money is spent in the context of village governments, the question that must be asked is: is it worth the effort in terms of obtaining political support?

The answer is yes. The substantial majority of Samoans see it proper in accordance with tradition that any candidate wanting to contest a parliamentary seat go through normal procedures. This will involve channeling all campaign efforts through village councils. As long as members of the village are satisfied, there is a good chance that its members will filter down the word to their family members and friends on the choice of candidate to support. In some cases, the village council makes a ruling with sanctions attached that all village members vote for a particular candidate. In this way village governments are important political assets for both incumbent and aspiring members.

Implications of gift giving

What are the implications of gift presentation in terms of acquiring collective political goods? One of the developments associated with liberal democracy is the acceptance of the ideals of collective good and the impersonal nature of the political market. Clearly, gift giving belongs more to the realm of clientelism than to the ideal of impersonal market forces. On these grounds it is doubtful that gift giving would result in the attainment of the collective good. What it does in the context of Samoan politics is to encourage the tendency for successful candidates to pursue their own political aspirations after being elected. The justification for this attitude is that one's political success has relied heavily on one's own financial effort. The operation of the party system in terms of providing alternative policy statements

is a positive step towards realisation of collective goods, rather than food and cash for the short-term satisfaction of voters in the quest of politicians for support.

What of such traditional values as maintaining title and village rank, and maintaining family harmony and unity? Clearly the intensity of the competition for political support in which economic resources play a vital role has meant that title rank without financial support is an incomplete formula for political success. The temptation of presents in the form of cash, liquor and other items have been helpful in ensuring that family members abide by the word of the family *matai* or the village council. Among other things, the introduction of universal suffrage has contributed to the erosion of these traditional values.

The 1991 general elections

The 1991 general elections were the first to be conducted under universal suffrage. These elections, and by-elections thereafter, saw the addition of another dimension to candidates' campaign strategies. Returning, for illustration, to Mr X's campaign: before the adoption of universal suffrage, Mr X would visit the six villages in his constituency and distribute the presents he had brought. The goods were presented officially to the respective villages' councils of *matai*; it was the village councils' responsibility to distribute the goods to the people by whatever method they chose. Following the adoption of universal suffrage, however, the procedure became more complicated and more expensive from the candidates' point of view. Not only would goods be presented to the council of *matai*, who normally occupied one house, but also to the rest of the sub-organisations in the village. From the perspective of members of these sub-organisations, presenting gifts to the council of *matai* only would imply that they were neglected by the candidates. The candidates had to make sure that other members of the village did not feel this way. This meant that the procedures normally conducted in the house occupied by the village *matai* had to be repeated several times until the other sub-organisations such as *Faletua ma Tausi* (wives of *alii* and *tulafale* respectively), *Aualuma* (unmarried village girls and those whose husbands had died), *Taulelea* (untitled men) and *Fafine lait*i (wives of untitled men) were presented with gifts as well. In short, the candidate dare not ignore any voters during this campaign. Before the adoption

of universal suffrage, it was mainly the *matai* who came to the candidates asking for things such as money for various cultural activities, most noticeably in the period immediately before the elections. Following the adoption of universal suffrage, it was the non-*matai* who seemed to dominate the exercise of this rare political privilege.⁵

The passing of the *Electoral Amendment Act 1990* not only introduced universal suffrage but brought a number of changes in voting procedures. Among these were provision for special voters, and the requirement that all voters hold valid certificates of identity (Section 31.1). The special voters provision enabled 'a person who is qualified and registered to vote at any election in any constituency...to cast his vote for that constituency...as a special voter at a polling place outside that constituency' (Section 27). Previously, polling places were located only in the constituencies and there was no requirement for voters to have ID cards (*Electoral Act 1963*, Sections 59, 135). In order to make sure of the prospective voters they had transported to and from the registration offices (to have their names registered on the electoral rolls), some candidates and their campaign committees held on to the voters' ID cards until just before the voters cast their ballots on election day. Candidates did not want 'their voters' won over by rival candidates before the elections.

Conclusion

The competition for political support can be discussed in relation to the role of political parties, and in relation to its effects on both democracy and indigenous institutions. The competition for votes has involved strategies described in both the political enterprise and the clientelist strategies. The first strategy includes the publicising of party manifestos between general elections and before by-elections. The existence of indigenous institutions, such as village governments and the *matai* system in general, and traditional values associated with them, have been partly responsible for the use of clientelist practices. The extent to which voters' choice of parliamentary candidate is influenced by party policies, individual member's gifts, title rank etc., is a complex issue. I would argue that while party policies may help create a favourable impression among the informed voters of parties, the ultimate factors in determining candidates' electoral success are individual campaign efforts and personal relationships with voters.

One of the most experienced politicians and the leader of the Samoa Liberal Party, Nonumalo Sofara, has said: 'The electorate will never vote on party lines, nor on issues... I don't think we've reached the age where people will vote for a candidate because he's a HRPP or a SNDP member' (quoted in *Samoa Newsline*, 4 February 1996). As the competition for parliamentary seats has intensified, so has the cost of candidates' individual campaigns. It suggests the question: what is in it for the politicians?

As Max Weber explains, politicians get extrinsic and intrinsic benefits from their chosen careers. Extrinsically, a politician's electoral success enables him/her access to positions of influence and information which can be put to both personal use and the use of people associated with the politicians, such as relatives, friends, villages, and so forth. The electoral success of a politician brings pride to people associated with him/her and those associated with the title the politician holds. Intrinsically, there is satisfaction associated with a sense of empowerment, personal recognition, increased status and prestige, and being in a position of power. For the foundation titleholders and people associated with them, democratic competition has been another means of maintaining and enhancing their titles' traditional status.

What of the effects of competition for political support of indigenous institutions? Among the effects of intensifying competition for parliamentary seats is the disappearance of the practice of unopposed elections and bloc voting, through which village councils used to exercise power in determining which candidates village members should support. It also means that traditional respect associated with title and village ranks as means of obtaining political support now competes with other means of gaining support, such as education and wealth. Gifts and other incentives associated with competition have contributed to the weakening of traditional bonds between parents and children, *matai* and family members, and village councils and villagers.

What of the effects of competition for political support on democracy? Although the incentives associated with competition are perceived as culturally degrading, they have nevertheless drawn into the political arena more members of the public. This too is not necessarily good from a traditional perspective. It is not easy for people under traditional influence to accept new competition from the newly enfranchised. The logic behind competition is for élites to earn

support. To earn that support they have to appeal continuously to voters. In this way voters exert pressure to cater for their interests. In this way the erosion of tradition in order to earn support has been a democratic achievement. The generally negative attitude towards political parties will gradually diminish as political parties deliver the collective political goods in terms of various infrastructure developments.

The intensity of competition can also have a negative effect upon the successful candidates who put in so much effort in their campaigns. Increasing competition for parliamentary seats partly explains the constant shifting of party allegiance among members. One of the most important factors which has influenced the behaviour of successful parliamentary candidates has been the time and effort and money that have gone into the campaign. Moreover, there has been a general feeling among the successful candidates that their election successes have been due mainly to their personal financial resources. The effort and time of their respective campaign committees have been reciprocated. Therefore, at the end of the day, the election victory has been the candidate's personal victory, and not necessarily that of the voters who supported him/her. Consequently, the issues of which political party the successful candidates join and which prospective Prime Minister they attach themselves to are their personal decisions, not those of their constituencies. Joining the 'right political party' or the 'right Prime Ministerial candidate' enhances the member's chances of getting a ministerial post or another political position.

Notes

- ¹ For an example of this kind of resolution in the context of the Palauli West constituency, see So'o 1996.
- ² The sixth Development Plan of Western Samoa, 1988–90, Department of Economic Developments, Apia, December 1987:7.
- ³ There was low voter-turnout (66.6 per cent of votes cast in the 1991 general elections) in the 1990 plebiscite to determine whether or not Samoans wanted to adopt universal suffrage. Unlike the campaigns for parliamentary seats (where the candidates went out of their way to identify prospective voters, transport them to the polling booths to cast their votes, and transport them back to their places of residence), much willingness to identify prospective voters, etc., was absent until the day on which the plebiscite was held.

- ⁴ I have not known of any election results where the electoral officers and the electoral system had been blamed for the defeat of candidates. However, a lawyer who was involved in an election petition case said that few *matai* have lied in court about the candidates they voted for. Only when the ballot boxes were opened in court was this discovered. A situation like this often arises when voters want to maintain friendly relationships with certain candidates, or have obtained from candidates presents and other favours, but have decided to vote for other candidates.
- ⁵ In the 1985 general elections, a prominent member in the campaign committee of one of the parliamentary candidates in a different constituency confided in the author that at one stage he was given about a WS\$1,000 cash to help win over voters' support to his candidate. However, he admitted, he must have spent about 80 per cent of that money for his own personal use; the candidate knew nothing about this. The candidate was unsuccessful in the 1982 and 1985 general elections, but eventually successful in 1988.
- ⁶ The figures for this general elections do not include those from two constituencies (Aleipata-Itupa-i-Luga and Anoamaa East) whose results are missing from *The Western Samoa Gazette* (14[3], 2 March 1985).

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The role of media in relations between Australia and Papua New Guinea

Rosaleen Smyth

The media have a pervasive influence in opening up the foreign policy process to non-government players, and enabling governments to go beyond formal diplomatic relations to reach the people of other nations over the heads of their governments. Here I examine two ways in which the media have been used as a site of political struggle in the foreign policymaking process in Papua New Guinea and Australia.

I first look at why in 1995 and 1996 the Papua New Guinea and Australian governments criticised each other through the media rather than through traditional diplomatic channels. The increasingly bitter debate led to an editorial in *The Australian* declaring on 13 September 1996 that Australia's relations with Papua New Guinea were in urgent need of repair. Second, I consider how, in 1995, students at the University of Papua New Guinea (UPNG) used the media to launch a grassroots activist campaign to arouse public opinion against the World Bank/IMF structural adjustment program—particularly as it related to land mobilisation.

Public opinion and foreign policy

In 1995–96 relations between Australia and Papua New Guinea went through some rough patches, with both sides using the media to air

some very public criticisms. Each side, on occasions, demanded to know why the other was using the media to publicise their grievances rather than voicing them through normal diplomatic channels. In making such comments both sides chose to ignore the great changes that have taken place in how government-to-government relations have been conducted since the rise of mass democracy and the communications revolution, which have given greater power to public opinion to affect the behaviour of governments. In earlier times governments needed only to converse with governments. Today the political process is much wider. A government has to consider its domestic audiences, particularly those groups who have an active interest in foreign policy issues and use the media to publicise their views and bring pressure on a government. In commenting on the 'collapse of reticence and privacy in negotiation', the former Israeli foreign minister Abba Eban noted

The intrusion of the media into every phase and level of the negotiation process changes the whole spirit and nature of diplomacy. The modern negotiator cannot escape the duality of his role. He must transact business simultaneously with his negotiating partner and his own public opinion. This involves a total modification of techniques. Whether this is a favorable development or not is irrelevant; it is certainly irreversible (1983:345).

A government has also take into account the opinions of influential people in other countries where it has policy interests, for these people in turn bring pressure on their own governments. A new term was coined in the United States in the 1960s to take account of the role of the public in the foreign policy process—public diplomacy.¹ 'The essence of public diplomacy', former Australian Minister for Foreign Affairs and Trade, Gareth Evans, told the Australia–Asia Association in 1990, 'is the shaping of attitudes in other countries in a way which is favourable to our interests'.²

Australia's relations with Papua New Guinea

Australia has long had what has been characterised as a 'special relationship' with Papua New Guinea, derived from Australia's role as the colonial power. After more than 21 years of independence the relationship is now described as 'mature' (Evans 1995:13), but this so-called maturity is complicated by Papua New Guinea's financial dependency on an annual Australian aid injection of A\$300 million,

plus an added A\$20 million earmarked for defence. In 1995 when the public bickering was at its height the PNG government was in straitened financial circumstances.

Relations first began to turn sour in 1992 when Australia began to move away from direct budget support, to aid tied to specific projects and economic sectors. There were domestic concerns about how the money was being spent: too much was being absorbed by the bureaucracy and not enough on improving the living conditions of ordinary Papua New Guineans in the villages and towns (Parliament of Australia 1991:140).

The Papua New Guinea Government did not welcome this change. In 1993 at the PNG–Australia Ministerial forum in Mount Hagen Sir Julius Chan, then Finance and Planning Minister in the Wingti government, accused Canberra of having a neo-colonial attitude. He said most of Australia's money went back to Australia. The switch from direct budget aid to project aid, said Chan, was paternalism and a threat to PNG sovereignty (Forbes 1994).

The Australian Government not only stood firm against the criticisms, but went on to make a dramatic change in its method of handling its relations with Pacific Island governments, including Papua New Guinea, publicly criticising them for failing to bring about economic development. The chosen method to introduce the new hardline approach was an address on 15 June 1994 by the then Minister for Pacific Island Affairs, Gordon Bilney, to the Foreign Correspondents' Association. It was broadcast by satellite to the Pacific Islands. Bilney warned

it is only reasonable to assume that the preparedness of investors and aid partners alike to continue to play a role in the South Pacific will depend on how well individual countries formulate and implement the economic and structural reforms necessary for sustainable economic development (Bilney 1994:3).

This speech to an assembly of foreign correspondents, relayed by satellite was obviously a carefully calculated strategy. To what target audiences were these messages being directed? It was to be expected that the speech would be widely publicised in the Pacific Islands so the speech was being used to alert the citizens of these countries to the shortcomings of their own governments. And what of a domestic audience inside Australia? There is an attentive audience with an interest in Pacific Island affairs in the academic and business community and amongst non-government organisations. And there is

the broader Australian populace which is growing increasingly chary of money being spent on overseas aid. As the Commonwealth Parliament's Joint Committee On Foreign Affairs Defence And Trade pointed out: 'The Australian taxpayers (and their elected representatives) demand transparency and accountability' (Parliament of Australia 1991:140). The changed international circumstances brought about by the end of Cold War, with the Soviets no longer perceived to be hovering in the Pacific looking for levers of influence, certainly made it easier for the Australian Government to adopt a more aggressive tone in its public communications with Pacific Island leaders.

The financial state of Papua New Guinea worsened in the months following Bilney's speech. Australia came to the rescue with 'extraordinary balance of payments assistance' in addition to the ongoing aid program. In September 1994 the PNG government was rescued from financial collapse when the Australian Prime Minister, Paul Keating, agreed to bring forward November and December budget support payments to 1 October. And in October 1994 and May 1995, the Australian Government agreed to the Reserve Bank of Australia providing bridging finance facilities on condition that the PNG Government agree to an IMF/World Bank structural adjustment program.³

Some bridging funds were provided but in July 1995 the PNG Ambassador to Australia, Sir Frederick Reiher, created a diplomatic stir when he told the *Canberra Times* that Australia was refusing to provide the full amount requested by Papua New Guinea for a bridging loan until terms and conditions on the structural adjustment package were agreed with the World Bank/IMF. 'Australia has told us we are naughty boys, has hit us on the backside and is leaving us to solve our own problems', said Sir Frederick. The Ambassador's comments provoked the then head of the Department of Foreign Affairs and Trade, Michael Costello, to summon him to the Department for a 'please explain' session, a version of which appeared on the front page of *The National* headed: 'Aussie anger: PNG envoy summoned to explain criticism of Canberra' (*The National* 12 July 1995.)

The *National* reported that Sir Frederick had refused to apologise. He said he was only conveying the feelings of the people of Papua New Guinea. Costello was reported to have been particularly upset because the High Commissioner chose to use the media rather than go

through diplomatic channels. Australia gave considerable financial assistance to Papua New Guinea but was continually the subject of criticism. The head of the Australian Department of Foreign Affairs and Trade was reported to have spoken of his government's dismay over newspaper advertisements by PNG Commerce and Industry Minister, David Mai, attacking Australia's import of cement for its Chancery building and remarks by the member for Rabaul, John Kaputin that Australia was giving '30 pieces of silver and getting much more' from Papua New Guinea. The front page story went on to comment on the souring of relations between the two countries, noting that PNG Prime Minister Julius Chan had been 'vocal about the level of aid to Papua New Guinea and the manner in which it ought to be distributed', and that 'Evans and Bilney had seized every opportunity to criticise the economic and financial management of the country'. The story concluded

PNG sees great insult in Australia's insistence that the remaining K20 million of a K40 million support from Australia would only be released once PNG had introduced World Bank and IMF sponsored programs despite Sir Julius' meeting with Australian Prime Minister Paul Keating in Cairns earlier (*The National* 12 July 1995).

Further on in the paper's 'Letters and Opinion' section, Australia was accused of betraying Papua New Guinea in its hour of need

The feeling in Papua New Guinea is one of betrayal. In its hour of need, one of its closest friends and allies turned away from it.

Australia has unbelievably turned off the tap. It will not reopen it until and unless PNG conformed to some conditions set by the World Bank and IMF.

This has turned sour a special relationship that has spanned half a century. It was closer than friendship.

They were likened to brothers. Australia was the big brother, guiding a little and mostly spoiling its kid brother beyond maturity (*The National* 12 July 1995).

In the same week papers were carrying a story that Australia and Indonesia were to meet to discuss plans in case there was a breakdown of law and order in Papua New Guinea. A senior PNG member of parliament, Ben Micah responded by taking out paid newspaper advertisements accusing Australia and Indonesia of 'suppressing the rights of Melanesians and other black minorities in

their own countries, and planning a similar fate for PNG' (Sheridan 1995). An editorial in the *Post-Courier* had commented

Whatever the motive might be, the Government should seek explanations from both Indonesia and Australian governments on the nature of talks between their officials on how to deal with a PNG breakdown (*Post-Courier* 11 July 1995:10).

In April 1995 in what Papua New Guinea's *Post-Courier* saw as a counter-attack on 'Canberra critics', Defence Force leaders Commander Tony Huai and Chief of Staff, David Josiah, called for a review of Australia's defence aid to Papua New Guinea. They described it as 'boomerang' aid because too much of it ended up in Australian pockets. Brigadier-General Huai was reported to have said that 'administration of funds from Canberra meant the PNG force had little say in spending what little was left after the Australians paid for their own allowances and expenses' (Philemon 1995:1).

The number of complaints suggests a strategic use of the media to embarrass the Australian Government and win sympathy and support from attentive publics within Australia. Australia was, after all, the former colonial power, and there was a sense of guilt in some quarters about the timing of Australia's departure and the level of development of the colony at the time of that departure, as is demonstrated in these quotations from the report, *Australia's Relations with Papua New Guinea*

We were...diffident colonisers who governed with casual practicality and who departed with alacrity and too little care...

A lingering sense of responsibility, bred of our rapid departure, governs our commitment to aid...

Ours was a stewardship that saw Papua New Guinea gain independence with insufficient infrastructure, particularly in human resources (Parliament of Australia 1991:xxv).

The PNG government's media onslaught on the Australian Government could also have been designed to impress a PNG audience by demonstrating that Papua New Guinea was not going to let itself be pushed around by 'Big Brother' Australia.

The carpeting of the Ambassador by the head of the Department of Foreign Affairs and Trade indicated that the media attacks were getting under the skin of the Australian Government. This was made patently obvious in August 1995 when Gareth Evans chose to deliver a

public warning to the PNG Government through the pages of *The Australian*, in an article titled 'Australia and Papua New Guinea: beyond paternalism'. It was illustrated, for extra emphasis, with an Australian flag up a pole above some palm trees being pierced by a number of arrows.

Public attacks on Australia—of the kind that have been made recently by several ministers, the defence force commander and high commissioner for Australia—will not make us diverge from pursuit of the interests and policy objectives we have identified. If their aim is to influence us, public criticisms, accusations or blame directed at Australia by senior government representatives, rather than representations made frankly and privately in the normal course of government-to-government relations, are misconceived and ineffectual (*The Australian* 4 August 1995:13).

There also appeared to be a warning to those attentive publics inside Australia who might be sympathetic to the arguments of the PNG government. As Evans went on to say in the past these 'public criticisms' might have had an impact, 'because of a sense of special obligation to Papua New Guinea felt in many quarters in Australia—that sense may have been well motivated but it was essentially paternalistic and patronising. Those days are over.'

And just in case anyone missed the message in the Evans' article, foreign editor, Greg Sheridan, reinforced it in the same issue writing, 'Senator Evans has sent a clear message to Port Moresby that it must desist from its public campaign against Australia or risk a wind back in aid, which now totals \$320 million a year. It is the bluntest message yet, by Canberra, that Australia will not tolerate constant abuse from PNG (*The Australian* 4 August 1995).

A new government in Canberra

The Howard Coalition Government which replaced the Keating Labor Government at the Federal election in March 1996 has continued to use the media as well as traditional diplomatic channels to communicate with the PNG government. In July 1996, Foreign Minister Downer issued a warning that the annual \$A20 million Defence Cooperation Program was at risk if Papua New Guinea continued to use Australian-donated helicopters as gunships. (O'Callaghan 1996). The PNG Government, in turn, said Australia must also share the guilt for the killings on Bougainville as it had

failed to act against Sydney-based supporters of the Bougainville rebels. Papua New Guinea would review Australian aid programs, with the Prime Minister describing the defence program as a form of post colonial bondage (Callick 1996). Sir Julius also said that he did not need criticism from Australia delivered via the media. There were a number of PNG diplomatic offices in Australia and there was no reason why a diplomat could not be called rather than the media, if an Australian leader wanted to talk to PNG (Fraser 1996).

This use of the media to broadcast government views was not going to cease just because government expressed a preference for the 'normal' diplomatic channels. Conversations between government officials and diplomats continue behind the scenes in the traditional diplomatic mode but governments also make strategic use of the media because to reach non-state players who have an influence on the foreign policymaking process at home and abroad.

I have suggested that the government's series of public criticisms may have been seeking to influence groups in Australia who have a sense of special obligation to Papua New Guinea and to impress its own domestic constituency with its capacity to stand up to the former colonial masters. Evans, in choosing to respond in the pages of *The Australian* to the barrage of criticism by PNG leaders, was seeking also to reach those among the readership of that paper who may have been sympathetic to the PNG government's position. I have also suggested that Bilney, in choosing to broadcast by satellite to the Pacific Islands the Australian Government's message about good governance, was seeking not only to tell aid-dependent Pacific Island governments that they should implement economic and structure reforms—that message, after all, can be conveyed by more traditional diplomatic means—but was also aiming at other audiences: Australian taxpayers and Pacific Island voters. The latter were being informed by the major aid donor in the region of the shortcomings of their governments. As voters in their national elections, they, in turn, would be in a position to demand greater accountability, and, exercise their ultimate option of voting their governments out of office. While the Australian Government may not have raised the question of national elections in this and other public statements about the performance of Pacific Island governments, an editorial in the *Australian Financial Review* on 2 August 1996 was much more blunt. It declared that Australia should take up Papua New Guinea's idea of a review of aid arrangements

to redeploy Australia's assistance more strategically in the Asia Pacific region, taking into account how welcome it is to the recipients. Then at the next June election, the country's village-dwelling majority will be able to record its own verdict on its government's performance.

This analysis of the way the media has been used by both the Australian and governments in the conduct of the relations between the two countries has demonstrated how much traditional diplomacy has been altered because of the way public policy is made in democratic countries. While Abo Eban in the quotation above, said the modern government negotiator transacts business simultaneously with his (or her) negotiating partner and his (or her) own public opinion. This case study shows something a little more complex; there are not two conversations going on but three. The modern negotiator must transact business simultaneously with his negotiating partner and his (or her) own public opinion but also with public opinion in the country with which the negotiation is taking place. Public diplomacy has not replaced government-to-government diplomacy. Both forms co-exist, but traditional diplomacy is now, however, a much more open process because of the role of the media and public opinion in what were once private negotiations.

Grassroots activism in Papua New Guinea

The relationship between the news media and a grassroots activist movement is dynamic. The news media need stories that are full of drama and conflict to attract and boost circulation and ratings. The leaders of activist movements need publicity to command attention for their issue, attract grassroots support and persuade decision-makers to adopt their solution to the problem. Here I focus on that process at work in Papua New Guinea in 1995 when students at the University of Papua New Guinea, members of PNG non-government organisations in Port Moresby and others used the media to launch a grassroots activist campaign to arouse public opinion against the World Bank/IMF's structural adjustment program—particularly as it related to land mobilisation.

'The power of the news media' as many including Jamieson and Campbell have noted, 'results from their capacity to select what is reported and to shape the content of news stories' (Jamieson and Campbell 1992:98). The media, through the selection of issues for

coverage, can often trigger public discussion of certain issues. The role of the activist is to package an issue in a way that will obtain maximum media attention. One means is the manufacture of newsworthy events such as protest marches, demonstrations, sit-ins, and publicity stunts. Public relations and media relations textbooks as well as handbooks for grassroots campaign organisers carry advice about ways to create news (Ryan 1993:98–124). Greenpeace has demonstrated on many occasions, what Holsti calls ‘a sudden, dramatic act’ is the best way to capture instantaneous headlines (1992:160).

Grabbing the headline, however, is only the first step. It is not enough to get your issue on the media’s agenda, it is also important to be able to manage public understanding of the issue by getting your interpretation accepted as dominant.

Given that no single definition of a problem is uniquely accurate, the power to control the framing or defining of an issue is of paramount importance if an organization is to gain acceptance of its proposed solution (Salmon 1989:24–5).

In the narrative that follows I suggest that not only did some students at the University of Papua New Guinea, in alliance with non-government organisations and others, succeed with the aid of a sudden dramatic act in capturing instantaneous headlines for their cause but they also had some success in framing the issue. They were assisted by the fact that there is considerable freedom of the press in Papua New Guinea, and that there was sympathy for their cause amongst sections of the media, some university staff and, even PNG political figures. It will also be suggested that their cause was not damaged by the fact that they had a sympathetic audience in the wider global communications village where there is considerable activist hostility to the World Bank/IMF structural adjustment programs in developing countries. Students and Papua New Guinea non-government organisations were able to use this rhetoric in the framing of the issue while a sympathetic audience linked through the Internet monitored the progress of their protest. The progress of this activist movement is tracked through the five stages in the life cycle of an issue as outlined by Heath and Nelson: ‘strain, mobilization, confrontation, negotiation and resolution.’ (1986:204).

Students at the University of Papua New Guinea represent a key section of the community not only because they will go on to influential positions in politics, academia, business and the media but

because they are already an influential force in the country's politics—sometimes assuming the role of a *de facto* opposition. The PNG government's party structure is weak: a Westminster style political system imposed on a collection of Melanesian tribal groups. Leaders are as much power brokers as policymakers. Power blocs are formed along parochial rather than ideological lines. Leadership has often changed through the shifting of party allegiances rather than through the ballot box and there is widespread popular distrust of the political process. In this situation students have been to the fore in protesting against unpopular government measures.

In July 1990 there were strikes and protests over corruption and over proposed pay rises for MPs (Parliament of Australia 1991:140). In May 1995 students marched on Parliament to protest against the move by the government to increase the Electoral Development Fund, popularly known as the slush fund, to conduct projects in their electorates (Matthew and Elijah 1995; Kewa 1995). And in July 1995 the students were again on the march, this time, against the acceptance by the PNG government of the IMF and World Bank's structural adjustment programs as a basis for economic reform, and, particularly, a proposal for the registration of customary land.

Customary land tenure in Papua New Guinea covers 97 per cent of all land and supports more than 85 per cent of the population. Foreign consultants, including those from the World Bank and some members of PNG business and political élites see this system as holding up economic development. They have long been calling for the registration of customary land so that it can be used for commercial development. Preparatory work had been done towards land mobilisation under a World Bank project to which Australia's contribution was the mapping of the land. However, progress has been slow not least because of the strong identification with the land of the population and the likelihood of a powerful emotional response to any suggestion of change in land tenure arrangements. Opponents of land registration consider that land registration would be the first step towards the creation of a landless peasantry. They argue that the customary land tenure system has provided subsistence security in a country without social security systems which are a feature of more developed western countries. According to Andrew Lakau, land tenure specialist and then a lecturer at the University of Technology in Lae, the customary land tenure system has preserved the way of life which the people know best. Because of it, people have remained on

returned to the land, rather than drift to remain in a stagnant urban sector. It has also prevented the rise of a tenant-landlord class of people (Lakau 1995a, 1995b). It is obvious that any campaign to promote the registration of customary land would have to be handled with great care.

In April 1995, the Prime Minister, Sir Julius Chan, thrust the land issue into the spotlight when, on his return from a visit to Cairns in Queensland, to obtain financial assistance from the Australian Prime Minister, he announced that the next issue he intended to address, after the provincial government reforms,⁴ was land mobilisation (Avorosi 1995:5). The Prime Minister's statement followed on from an editorial in the Malaysian-owned PNG newspaper, *The National*, which called for state ownership of land. The student newspaper, *Uni Tavur*, in a page feature, 'The Hot Issue of Land', warned that the people of Papua New Guinea would 'do anything to protect and safeguard their land if they feel that their right to the land is threatened. In fact, many regard it as foolhardy for anyone—even for the state—to consider trying to register land and wrest ownership from the people of this country' (Avorosi 1995:5). In the life-cycle of an issue this was at the 'strain' stage when the issue had been identified by a small group who saw a potential problem emerging but had not yet organised to do anything about it.

The pace quickened in July 1995 when World Bank officials visited Papua New Guinea for discussions on the reforms that would need to be implemented in order to obtain structural adjustment funding. On 8 July *The Saturday Independent* reported that one of the requirements being demanded by the World Bank would be 'Complete framework legislation for customary land registration' (Yadi 1995:1). Also in early July the Port Moresby legal firm, Henao Lawyers, employed by the PNG government to draft a land mobilisation Bill, were visiting various provinces explaining the proposed Bill to business houses, public servants, local government councils and villages and other influentials. The Bill would give legal rights to customary landowners who were prepared to register their land and enter into commercial arrangements. And then, according to Deputy Prime Minister and Finance Minister, Chris Haiveta, people would be able 'to use it as an asset and collateral under family or business groups for timber, fishing, gardening and other economic activity.' (Temane 1995a).

The issue had now advanced a stage further in its life-cycle and there was sudden pressure for 'mobilisation' as an 'activist public'

emerged. Larissa Grunig defines an activist public as 'a group or two or more individuals who organize in order to influence another public or publics through action that may include, education, compromise, persuasion, pressure tactics, or force' (Grunig 1992:504). The land mobilisation initiatives alarmed some University staff, students and members of non-government organisations who are part of the National Alliance of NGOs (NANGO). On 12 July the University's Language and Literature Department conducted a seminar 'on the World Bank/IMF plan and its impact and implications on the social education and economic life in PNG.' (Waibaru 1995:2). There 'the general secretary of Melanesian Solidarity Group (Melsol), Peti Lapanama, claimed the World Bank/IMF had gained effective control of Papua New Guinea's economy ... when the Government approved 24 out of 27 policy measures required under the World Bank regime.' Lapanama told the seminar: 'These big international financial institutions have left shameful records of disaster in human welfare and economic prosperity in almost all the countries they have set foot in' (Baru 1995:3). On Thursday 13 July at a Student Representative Council meeting the students decided to hold a forum the following day to launch a campaign against the land mobilisation program. Posters were put up around the university announcing the meeting and on Friday 14 July, students gathered at the forum with speakers denouncing land mobilisation. One student activist was reported as saying that 'the lessons from other countries suggest that such land mobilisation programs throw indigenous people into poverty and despair once they give away land rights to the State or big corporations' (Temane 1995b:213). Passions were ignited. Some students seized government and statutory authority vehicles on the road outside the campus and drove them into the forum area where three were damaged and one set one alight in what one newspaper subsequently described as 'a violent outburst reminiscent of the 1991 protest'. The protest had reached the 'confrontation' stage—'that moment when the group attempts to force a corporation or government agency to recognize the group and implement its demands' (Heath and Nelson 1986:213).

The burning car incident won front page coverage of the protest. 'Students on rampage over World Bank reforms' announced the front page of *The Saturday Independent* on 15 July. The front page of *The National* of 17 July had a colour photo of a burning vehicle with a caption 'Car ablaze in campus riot ... A government car burns in

University of Papua New Guinea's forum square after it was set on fire by students protesting against the Government's push for land reforms under the World Bank-sponsored land mobilisation program. The burning vehicle also made the front page of the *Post-Courier*. The drama of vehicle burning and destruction captured headlines and was newsworthy in itself but vehicle burning also carries with it a special symbolic significance and cultural resonance in a country like Papua New Guinea where a vehicle is a symbol of the wealth and status to which many aspire.

Henao lawyers were warned to stay away from the provinces and student protesters fanned out through the streets of Port Moresby taking up a collection for funds to support student emissaries who were to be sent to the provinces to raise awareness about the land reform. This aspect was captured in a photograph later published in *Uni Tavar* on 21 July captioned 'Student protesters educate the public on the land issue this week'; it showed students carrying banners in Tok Pisin and English, one with a message telling the World Bank to 'Go home'(p.3).

Student spokespersons interviewed spoke to the media of their disgust with the way Papua New Guinea had been handled by politicians, and framed their protest in the wider context of what they claimed was the dubious record of the World Bank/IMF in other countries where structural adjustment reforms had been implemented. The protesters were aided by the fact that as one of their leaders, lawyer and lecturer, Powes Parkop, had noted (Parkop 1994:133) 'the PNG press is indeed independent and free compared to many developing countries'. Parkop told the *Post-Courier* 'Papua New Guinea has been destroyed by our politicians more than enough and it was time to look to straighten this mess. Twenty years of destruction is enough'. He went on to say that now 'the National Alliance of non-government organisations (NANGO) and the various trade unions (about 21 altogether) have formed a coalition to tell the government that they do not agree with the way it is bowing down to the World Bank and IMF directives and in turn selling the sovereign Papua New Guinea. Parkop 'gave Philippines as an example where World Bank and IMF had run that nation into destruction by dividing the people under the leadership [of] President Marcos for 30 years'. He went on to say that 'in the past it had always been students and non-government organisations speaking out', but for this issue we will

make sure the nation goes against it'. While not condoning the vehicle burning and destruction Parkop said 'it was an indication of how frustrated people are about what is happening'(Pamba 1995a).

Some inside government were also critical. The Minister for Commerce and Industry, David Mai, said that the proposed reforms would undermine Papua New Guinea's sovereignty. Mai took out full page advocacy advertisements in the local press to get his message across⁵ for which he was rebuked by the Prime Minister (Waram 1995:2). Advocacy or idea-issue advertisements are favoured by organisations from corporations to pressure groups when they want to ensure that they get their message published intact unmediated by journalists (Sethi 1987). BHP used advocacy advertisements, for example, in 1995 when it was being sued in the Victorian Supreme Court by PNG landowners over pollution from the Ok Tedi mine and competing with the plaintiff's lawyers, Slater and Gordon, to have its framing of the issue predominate in the media.

The use of advocacy advertisements by a dissident politician in Papua New Guinea again underscores the relative freedom of the press from government controls in this developing country. Mai received support from Ialibu/Pangia member Roy Yaki who described his stand as 'courageous' (Waram 1995) and former diplomat Sir Paulias Matane who also congratulated the students for raising awareness among the people. He said 'Papua New Guinea should be very careful when dealing with international financial organisations which he claims have contributed to the downfall of many countries in the developing world' (*Post-Courier* 21 July 1995:2).

The student protest won some support within the University hierarchy. Acting Vice-Chancellor, Nick Kuman, told students, that he would 'support in principle' their protest, 'due to the constraints' he was under. 'Morally and mentally I am in support of you'. And while urging them not to take the law into their own hands, he told the students that 'the conscious actions you take will be far reaching' and that 'the need to inform people of what is happening in the country was vital ... the media has failed in many areas "probably because of the constraints they have. So the student voice needs to go out"' (Pamba 1995b).

A number of articles were critical of the students' arguments. The violence was universally deplored but there was widespread agreement that there was a need for much more open discussion about

the land mobilisation proposals and, even, that the student protest had provided the window of opportunity. One example is this extract from the editorial in *The Saturday Independent* of 15 July 1995.

The rowdy demonstration by University of PNG students yesterday was unfortunate. One would have thought that as students of the highest learning institution in the country, they could have pursued other avenues, other than violence, to put their concerns across to the government.

But again the protest brought to surface more concerns about the effects of the structural adjustment reforms that the government and the World Bank have agreed to implement to try and revive the PNG economy.

The students' concern is that the World Bank has gone too far in forcing the reforms down PNG's throat. Certain aspects of the adjustments and especially on land reforms have fallen foul of many academics, non-governmental organisations, commentators on national affairs and even politicians.

The World Bank people are here to appraise the reforms related to the first loan. Hopefully, they also, will see and feel how strongly Papua New Guineans feel about their land, their rights and their heritage. It should be used as a guide to their deliberations and should not be used against Papua New Guinea (*The Saturday Independent* 15 July 1995).

While understanding the strength of the students' emotions, an editorial in the *Post-Courier* said the violence was 'uncalled for' and what was needed was 'rational debate', suggesting that it would have been preferable for the students to invite the lawyers to the campus to explain reforms.

Land is the most important asset owned by the people of Papua New Guinea.

So any discussion on land is bound to arouse emotions among those participating.

It is not surprising that students of the UPNG feel anger at any attempt to register customary land, much of which has never been touched by governments or developers unless there is reason to do so (*Post-Courier* 17 July 1995).

The students succeeded in arousing the provinces against the Henao lawyers who were forced to abort their nationwide tour as they

were threatened by a crowd in Wabag and had to be secretly flown out of Mt Hagen as some of the highlanders became convinced that the government was trying to take over their customary land (Kone 1995).

After the Friday demonstration, World Bank officials agreed to meet with student and non-government organisation representatives. The meeting was cancelled however, when the Deputy Prime Minister, Chris Haiveta ruled against it, accusing the World Bank of breaking with Protocol in arranging such a meeting. He said 'PNG did not go meddling in Australia's or other countries' internal affairs' as it would seem that the World Bank and the IMF had done in arranging the meeting (Tannos 1995a).

Protests continued the following week. Classes were boycotted at the Waigani campus and Tuesday 18 July was a 'a day of protest' (*The National* 19 July 1995), when the student and non-government organisation leaders led a crowd of about 4,000 people from all over the city and outside in a march to the Parliament 'to demand answers from the Government'. Scenes of people marching through the streets of Port Moresby carrying placards, of police confronting protesters, of the demonstration leaders at the Parliament gates and of Deputy Prime Minister Chris Haiveta addressing the crowd outside Parliament were featured in the press and on television. A delegation of about 55 were allowed inside the Parliament to talk with the Land Minister, Albert Kipalan, Haiveta and other officials (*Post-Courier*, 19 July 1995:1). The issue had now reached the 'negotiation' stage as Kipalan gave an undertaking to withdraw those aspects of the land mobilisation program with which students disagreed and the students, in turn, agreed to return to classes. However, violence flared up again on Thursday 20 July after the Prime Minister defended the structural adjustment program, saying, 'Beggars can't be choosers' (Tannos 1995b:3). The 'beggars' remark was said to have triggered further protests at the university, with more cars being burned and the boycott of classes extended. Students returned to classes the following week.

Prior to leaving Papua New Guinea on 19 July the World Bank team leader, Pirouz Hamidian-Rad, commenting on the land reforms, said that his team were 'pleased that consultation had taken place between the government and the university students, non-governmental organisations and other concerned groups over the reforms' (*The Saturday Independent*, 22 July 1995:3). Shortly afterwards the World Bank announced land registration was not part of the

structural adjustment program. The issue had arrived at the fifth and final 'resolution' stage. With the aid of the media the students, non-government organisations and their supporters had been able to magnify their influence and arouse opinion nationwide against the land mobilisation proposals and have them omitted from the structural adjustment negotiations.

In the broader scheme of things, however, while the students and non-government organisations had a victory over the land mobilisation proposals it needs to be pointed out that while the glare of the media spotlight was trained on the land mobilisation proposals the World Bank/IMF and the PNG government did finally conclude negotiations on the structural adjustment proposals which included other conditions unpalatable to many.

This case demonstrates the power of grassroots activism, particularly when there is a sympathetic media and a relatively free press. That power is particularly potent in Papua New Guinea because of the weak political structure and the lack of an effective parliamentary opposition on which a properly functioning Westminster-style government is premised. There is a vacuum in Papua New Guinea which allows grassroots style campaigns to have some success.

Another aspect of this grassroots activist campaign to note is that it provides a pointer to future local grassroots campaigns which can tap into cyberspace activism. In this new era of electronic networking and global issues activism, grassroots movements in one country may not have to walk alone. If the local issue can be linked to one of those global multilateral issues such as human rights or the environment then the local campaign may be taken up in cyberspace by international non-government organisations who can alert international opinion to also bring pressure to bear on the local government. There is a world audience linked on the Internet and by email who may assist with the framing of the issue in local and international media and provide moral support, and lobbying to inflect public opinion round the world to the cause.

The PNG students' campaign was monitored in cyberspace by the Ecological Enterprises network which in early 1994 commenced a 'Forest Campaign News/Worldwide Biodiversity' project aimed at saving 'Papua New Guinea and other adjacent Melanesian countries' rainforests and cultures from industrial logging'. This was to be done through bringing together information found on the Internet and

recirculating material via email and electronic bulletin boards to activists around the world. The project was explained to UPNG students and others by the project's director, Glen Barry of the University of Wisconsin, in the March 1995 issue of *ITA DIBA; Let Us Know*, the newsletter of the South Pacific Centre for Communication and Information in Development at UPNG. 'These materials in the list are unabashedly activist in content and scope: hoping to provided opportunities for North/South partnership; primarily concerned with forest and biodiversity protection issues' (Barry 1995a). People linked in the network via the internet or email are 'encouraged to utilize this information for personal campaign use; including writing letters, organising campaigns and forwarding' (Barry 1995b).

Ecological Enterprises took a particular interest in the UPNG campaign against land mobilisation, informing the cyberspace congregation of the progress of the campaign through relayed articles from the PNG press and the InterPress Third World News Agency. In an Action Alert dated 24 July 1995, 'PNG Says No to "Terrible Twins"—World Bank and IMF', and relayed from econet's reg.newguinea conference, AID/WATCH of Australia urged

Australian people and Organisations to send messages of support to groups in PNG mobilising against the World Bank and IMF structural adjustment package. NANGO and the Students' Representative World Council and the University of PNG have been instrumental in many of these protests.

Readers were provided with the addresses of Martin Pat, President of the Student Representative Council and Richard Brunton, Interim Secretary of NANGO, based at UPNG and also with the addresses of the international financial institutions and the Australian Minister for Development Cooperation who were also to be included in the write-in public relations campaign (Lee 1995). AID/WATCH continued its grass roots activism with the publication of the reports, 'Papua New Guinea and the Terrible Twins' in August 1995 and in April 1996, '*Pawa na Pipel!* People and Power in Papua New Guinea'.

Notes

- 1 The term is reported to have been coined in 1965 by Edmund Gullion of the Fletcher School of Law and Diplomacy at Tufts University (Malone 1988:12).
- 2 'Australia and Asia: role of public diplomacy', address to the Australia-Asia Association, Melbourne, 15 March 1990:15.

- 3 Treasurer, *Press Release*, 'Australia Provides Additional Assistance For Reforms In Papua New Guinea', Canberra, 30 August 1995.
- 4 Elected provincial governance were abolished by Papua New Guinea's national parliament in June 1995.
- 5 'Public statement, by Honourable David Mai, member of parliament, Minister for Commerce and Industry, serious negative implications of structural adjustment program being imposed upon Papua New Guinea's economy by World Bank/IMF', *The National*, 19 July 1995:10.

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Aid donors increasingly believe that development depends on 'good governance'. Recipients of grants and loans are scrutinised for their adherence to democracy, the absence of corruption, and their willingness to carry out public sector reform.

This book is about issues of 'governance' and 'good government' in the South Pacific, where small, mostly democratic, developing countries are relatively dependent on foreign aid. Issues of good governance are prominent in the recent unrest over the Sandline mercenaries contract in Papua New Guinea, and in the review of Fiji's constitution that led to its readmission to the Commonwealth. They are also expressed in the increasing international pressure for public sector reform.

The chapters report on recent research by scholars from the South Pacific, and from outside. Macdonald's opening chapter considers whether the World Bank's 'good governance' criteria are applicable to the region. Kavanamur and the Macphersons analyse Structural Adjustment Programs, while Kubutaulaka looks for the causes of forestry mismanagement. Nanau and Burton criticise the results of decentralisation. Ivarature analyses the Sandline affair, and Dinnen interprets gang surrenders as non-state solutions to crime. Sepoe urges elite women to work with NGOs. So'o gives details of election campaign financing. Smith describes how governments, and activists, are making use of the media. Good governance is a global issue, and May compares Papua New Guinea with Africa.

The book is published as part of the Australian National University's project on 'State, Society and Governance in Melanesia'.