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PNG: time to start again
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Thirty years after independence, Papua New Guinea has become one of the world's fragile states. After a good start, the state's authority and capacity has gone into decline. If present trends continue, Papua New Guineans will become poorer, hungrier and sicker, especially as HIV continues its exponential spread.

Pockets of relative affluence around big resource projects will subsist but the number of these projects is also likely to decline because of both declining resources and deteriorating governance.

Although a coup is unlikely, PNG's democracy is likely to become increasingly illiberal, and subject to growing criminal influence. As the state weakens, public order will decline and more local groups will go their own way, although the prospects of further secessionist conflict or large-scale violence are remote.

The hope that PNG could leap-frog from a multitude of micro-societies to a liberal democracy now looks over-ambitious. The state never quite established itself. Few Papua New Guineans see it as the embodiment of their collective will; most view it as an alien presence to be either resisted or looted.

PNG's "traditional groups" command greater loyalty. These groups are numerous — far exceeding the country's 800-plus languages — overlapping and elusive but nonetheless powerful. They provide a stronger basis for collective mobilisation than the state. As the state has weakened, people have come to depend ever more on traditional links for welfare and social regulation. Traditional groups may possess internal cohesion, however relationships between these groups are dominated by a high-level mutual distrust that fundamentally impedes the development of a coherent nation.

What can be done? A logical first step would be to try to identify the root cause of the problems. But the numerous efforts to do so have illustrated the deceptive simplicity of this approach: there are many overlapping causes of PNG's slow development. That said, common to these causes are problems of governance or, more precisely, problems arising from the complicated relationship between Papua New Guinean society and the state.

PNG's post-independence governments have mimicked their colonial predecessor. Instead of providing strong unified leadership and economies of scale, the national government has often absorbed rather than redistributed resources. Its remoteness has made it less accountable and hence frequently self-serving. It would be more realistic to recognise that PNG can be built only from the ground up.

This requires taking better account of traditional linkages. But proposals for making the state "more traditional" miss the point. The state should, rather, channel traditional loyalties and rivalries in the most productive way. This means building on the positive dimensions of traditional groups (internal cohesion pluralism) and dealing more directly with the negatives (nepotism, fragmentation). Acknowledging ethnic loyalties is a step back from the ideals of liberal democracy, but it may be necessary to keep moving forward.

A reworked system of decentralisation could accommodate political reality and also produce government that is more flexible, efficient and accountable. Sub-national governments can check and balance the national government. PNG's geographic fragmentation and unique ethnic heterogeneity make it especially suitable.

The presumptive benefits of decentralisation are not displaced by the country's generally negative experience of provincial government. But this experience does demonstrate the importance of design; a poorly designed system can, and often does, make things worse. International, especially Australian, involvement could make the difference. That said, a new political settlement would be best forged through a revival of the sort of national consultations that accompanied independence. Through a new round of consultations Papua New Guineans could return, with the benefit of hindsight, to the fundamental questions considered in the lead-up to independence and re-imagine the country.

This time around they would have the benefit of 30 years' experience of self-government, including the experience of the sort of informal government and de facto decentralisation that has emerged where the state has failed. A reworked system of decentralisation could draw the threads together into something more positive.

This process would be necessarily time-consuming and risky. Unless undertaken in good faith, it could be a waste of resources. But given the pressing need for national reappraisal, this is a justifiable risk. The drawn-out but ultimately successful Bougainville peace process stands as an important reminder of the need for patience.

Australia has a strong interest in PNG's wellbeing, which requires it to spend resources now to avoid spending more later. Australia can, and should, leverage its \$490 million annual aid program to support democratic reform. It should, however, complement the "hard power" of conditional aid with "soft power" including stepped-up public diplomacy. This would capitalise on the basically amicable feelings many Papua New Guineans — especially those in rural areas — hold towards Australia. Public opinion matters in PNG. And because of PNG's fragility, Australia must, in any event, engage outside the centre. The challenge is to engage the periphery in a way that facilitates national integration rather than fragmentation.

A new Australian strategy would have three spokes: financial support for decentralisation, public diplomacy with the key message of self-determination — a mobilising ideology more practical than nationalism and which counters both Papua New Guinean dependency and accusations of Australian neo-colonialism. Australia should also inject into the public arena more ideas about political reform and a system of community envoys.

Australia should put more of its representatives into the field where they can engage directly with ordinary Papua New Guineans, monitor service delivery, and mediate between rival groups. The Bougainville peace monitors provide a model.

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