

PAPUA NEW GUINEA

In the year 2002 Papua New Guinea was dominated by the general elections and the continued downturn of the economy.

In the first half of the year, the entire government and public service virtually stood still as political parties and other aspirants prepared for the June elections. By early March, it was clear that the leading contenders were the National Alliance (NA) led by the country's first prime minister, Michael Somare (better known as "Chief"), and the ruling party, People's Democratic Movement (PDM), led ostensibly by Mekere Morauta but in reality by Paias Wingti, another former prime minister. While strong personalities rather than parties have dominated PNG politics since independence, this time there was an attempt to strengthen the hand of political parties via legislation. Late in 2001, a new law, the Integrity of Political Parties and Candidates Bill, had been promulgated, barring candidates who stood under the banner of political parties in the forthcoming election from switching their support to another party or individual during the vote for the prime ministership. The new law also gave to the party with the largest number of elected members of Parliament the first right to nominate for the prime minister's post, thus preventing the previous practice of putting together a coalition of convenience on the floor of Parliament to elect a new leader. A total of forty-two political parties registered for the election, but in reality many were "mosquito parties," established by

those wishing to try their luck, to satisfy their ego, or simply to serve as a front for other parties. More than three-quarters did not even win a seat.

The election itself turned out to be a major embarrassment. Like previous elections, planning for this election was wholly inadequate, with the problem of an "unclean" Common Roll dominating complaints. The most generous analysis of the Common Roll suggests that there were more than a million ghost names, out of a voting population of about two million. Even Prime Minister Morauta unsuccessfully tried to stop the election via the courts on the eve of nomination. The first sign that the election machinery was in trouble came on the first day of voting in the capital, when more than half of the polling booths failed to open or opened late in the afternoon. By the end of the first week of voting, it was clear that the election could not be conducted according to the timetable. The original plan had been to conduct polling in selected provinces before moving to others until the whole country was covered, but with delayed polling in the first few days it became evident that the plan was falling apart. After several court references, the governor-general signed papers for the election to be extended. There were loud calls for the immediate sacking of the electoral commissioner. An extraordinary press release from Morauta asked the public to report the whereabouts of the electoral commissioner, because the prime minister could not locate him to discuss the running of the election. This item became the lead story on EMTV news, the only local television station.

The campaign style in this election was somewhat different from 1997, when the Sandline Crisis became the “killer issue”; there was no single overriding issue in 2002. To win, parties and individuals resorted to the usual mixture of local and national issues, bribery, threats, and cheating.

The People’s Democratic Movement’s main thrust was its policy of “free education for all.” It also trumpeted Prime Minister Morauta’s supposedly strong handling of the economy, especially the stabilization of the kina, the national currency, which had gone into freefall during the term of Morauta’s predecessor, Bill Skate. The National Alliance, meanwhile, campaigned hard against privatization and in opposition to the PDM policy of selling major state-owned enterprises such as Telekom and other public utilities. Since independence, all the major state-owned enterprises have been systematically stripped by corruption and political interference, leaving many either in bankruptcy or insolvent. The National Alliance argued that privatization would simply mean a further loss of jobs and selling off the country’s “jewels.” The solution they proposed was to install independent professional managers, rather than sell these enterprises. They further argued that the only buyers for these assets were “foreigners” and national sovereignty requires them to remain in PNG hands.

As in previous elections, corruption featured prominently. Every candidate, including ones previously found guilty of corruption, pledged to fight corruption if elected. In fact several candidates campaigned from jail where they were serving time for misappropriation

of public funds. Besides a Who’s Who of PNG society, the 2,800 candidates for the 109-seat Parliament include many ex-convicts and others with criminal records. The ordinary voter does not seem to care, either. In anti-corruption rallies organized in Port Moresby and Lae, the turnout was less than for a midweek football game. The sad truth is that issues seem to matter little to voters. The overwhelming majority of voters apparently expect to be bought or paid. Vote buying and house-line (clan) voting decided the outcome of most constituencies.

All candidates and parties promised “development” and poverty eradication if they were elected, never mind that they had no concrete plans and the nation was on the verge of bankruptcy. One party had a simple plan; its manifesto promised K10,000 (about US\$2,200) a month to each PNG family; the money would come from scrapping the civil service. Since the civil service was known to be incompetent and inefficient, it was thought better to scrap it and give its allocated budget directly to the people.

While polling was relatively peaceful in the lowlands and the island regions, violence was the norm in the highlands. Without exception, voting in all the constituencies in the highlands was marred by irregularities including blatant ballot stuffing, intimidation, tribal fighting, and vote buying. An Australian researcher living in the highlands videotaped a scene where the son of the winning candidate was openly marking ballot papers in favor of his father, in front of the polling station. (The footage was later shown on *Dateline*, an Australian cur-

rent affairs television program.) Individual candidates paid “special allowances” to some polling officials and policemen on electoral duty. A policeman who was escorting one of the candidates had his hands chopped off after he shot a rival supporter. A group of renegade soldiers roamed the highlands openly supporting certain candidates. This was despite the fact that the commander of the PNG Defence Force issued a clear order for all PNGDF personnel to be “locked down” in the barracks during the entire election period. In other words, all the state organs involved in the elections, the PNG Electoral Commission, the police, the defense force, and the candidates were all tainted with allegations of bias or cheating. In Mt Hagen, the airport was shut down because the sitting member lost. The airport sits on traditional land belonging to the defeated member’s clan. In Southern Highlands, ballot boxes sitting in a container in front of a police station were firebombed. Election-related violence in the highlands claimed at least forty lives. The violence was so widespread that elections were suspended for six seats in Southern Highlands province; they were rescheduled to take place in April 2003.

Three major reasons explained the high incidence of violence in the highlands. The extension of the election by one month meant that many candidates had run out of campaign money by the time voting took place. They had not budgeted for the extension and let loose their supporters. Second, in the preceding five years, gun culture had really taken hold in the highlands. A man was not considered a “real

man” if he did not possess a firearm. Homemade guns were readily and cheaply available. Candidates who could afford them also brought in a large number of high-powered, factory-made weapons. Combined with the traditional highland-style politics based on clan rivalry, payback, and winner-take-all attitude, violence was simply unavoidable. Third, many of the candidates had planned well ahead of time to cheat, believing that it was impossible to win otherwise. These made them desperate men who were willing to use deadly force to ensure they were elected.

By the time elections were completed at the end of July, it was clear that no party had a working majority to rule alone. The National Alliance was easily going to be the largest party. The ruling People’s Democratic Movement won less than half the number of seats claimed by the National Alliance. Everyone in Port Moresby knew immediately that the race to form the government would be between those two parties.

The National Alliance, however, had the distinct advantage. As mentioned, the new integrity law gave the party with the largest number of elected parliamentarians the first right to nominate for the post of prime minister. Only if it failed to muster sufficient votes could other nominations come from the floor of Parliament.

Within the NA camp, questions were already being raised as to who would be the NA nominee for prime minister. The pre-election favorite (in addition to party leader Somare) was Stephen Pokawin, the governor of Manus Province. Unfortunately,

Pokawin lost his seat to a PDM candidate. Attention then focused on the Lae member of Parliament, Bart Philemon, a technocrat. A significant portion of NA members did not want Somare to lead the NA coalition for several reasons. He was seen as having “had his chance” (as prime minister twice before), and thus as a man from another era. Moreover, in contrast to his previous election victories, this time Somare’s margin of victory was thin: he was nearly toppled in his East Sepik provincial constituency by an unknown vanilla farmer. Many in the party also feared that with the Chief as their nominee, the National Alliance would have problems attracting other parties into a coalition. The party knew that it would win no more than 20 seats (eventually it won 19) and needed at least another 35 seats from outside the party to get a winning majority of 55 in the 109-seat Parliament. A group of newly-elected independents led by three newly-elected governors—Tim Neville (Milne Bay), Clement Nakmai (West New Britain) and Mal Kela Smith (Eastern Highlands)—was known to prefer Bart Philemon over Somare.

When the National Alliance established its camp in Kokopo in mid-July, the NA caucus put aside the leadership issue. The Chief had simply refused to bow to hints that he should give up the party leadership. Supporters of Somare argued that he had “earned” the right to be prime minister, given that it was he who had led them into the election and was responsible for their victories. Moreover, it was difficult to dump the person whose face appears on the K50 note, the largest note in Papua New Guinea. The issue

of “face” was too important to ignore—nobody in the National Alliance was willing to force the father of the nation to back down and lose face. By this time, the National Alliance had stitched together a loose coalition with the People Progress Party (PPP), led by former Prime Minister Sir Julius Chan; the People’s Action Party (PAP); and the People’s National Congress (PNC), led by another former prime minister, Bill Skate. Other minor parties and a few independents brought the NA group to about fifty.

On 29 July, the governor-general officially named the National Alliance the largest party, with the first right to nominate the prime minister when Parliament sat on 5 August. By this time the lines were clearly drawn: the NA side had about 50 members of Parliament, the PDM camp had about 15, and the Independents about 20. The rest were fence-sitters. Like previous elections, 70 percent of members were first-timers.

With the writing on the wall, Sir Morauta resigned as PDM leader and ruled himself out as a prime minister nominee on Sunday, 4 August, one day before the opening of Parliament. Morauta said he resigned to give the People’s Democratic Movement a better chance of enticing more members to its side. But in reality his resignation was due mainly to infighting between himself and Paias Wingti. Each blamed the other for the dismal PDM performance in the election. Many in Port Moresby thought that the way was clear for PDM founder Wingti, rumored to be the richest man in Papua New Guinea, to work his “magic.” Since Morauta’s triumph in 1999, the talk in government circles

was that Wingti was the real power behind the scenes and would be making a “big comeback” in 2002. The main English-language daily, *The Post Courier*, even ran a front-page story in the midst of the election saying that Wingti would challenge Morauta formally for the PDM leadership.

In every election since independence, the “numbers game” for the formation of a new government was completed at the eleventh hour. The PDM strategy was simple: with Morauta out of the race, they could offer the post of prime minister to others to entice them into a coalition. The People’s Democratic Movement had already succeeded in enticing half of the Papua New Guinea United Party—PANGU—to support it (the other half of PANGU supported the National Alliance). If the PDM party could muster about 52 votes on Monday morning, Somare’s nomination would fail and the PDM camp would be able to nominate another candidate for the prime ministership. The most obvious PDM target was the Independents camp with its 20 members of Parliament. A combined PDM/Independents camp would give them about 35 votes, within range of stopping Somare.

The first order of Parliament at 11:25 AM on the bright and sunny Monday morning was to elect the Speaker. To the surprise of many, the National Alliance nominated Bill Skate, while the combined PDM and Independents nominated Dr Tota Bun, a novice. The secret ballot saw Skate win by 68 to 35. Many were also surprised by the winning margin. Assuming that the 35 votes came from the PDM camp (15) and the Independents

camp (20), this meant that there had been no leakage of votes from the NA camp. The PDM camp needed an additional 12 votes to stop Somare, but this looked unlikely.

In contrast to the vote for the Speaker, the vote for prime minister was an open one. This represented a real dilemma for any fence-sitters in the NA camp. If they did not cross over in significant numbers and Somare still won, they would miss out on the all-important “cargo” that comes with being on the winning side. In the harsh reality of PNG politics, members of Parliament outside of the ruling coalition cannot bring goods and services to their constituents, nor can they “recover” the enormous amount of money they “invested” in getting elected.

The Independents were also faced with a dilemma. The 68 votes in favor of the NA side meant that the National Alliance did not need their 20 votes to form a government, so they suddenly lost their role as “king-makers” in the numbers game. The Independents had insisted all along that no government could be formed without their support. For the People’s Democratic Movement, the clear NA win meant that Wingti had lost his magic touch and the numbers game was up.

Parliament resumed in the afternoon. After swearing in the Speaker at 12:55 PM, Somare won the vote for prime minister, 88 to 0. The thought of being left out of government was too much for the Independents to bear; they all voted for Somare. The PDM camp simply did not show up for the vote, allowing a nil vote for the opposition.

The first order for the new Somare-led government was to try to revive the economy and to stop privatization. The economy was in very bad shape. The year 2002 was the fourth consecutive year of recession and the economy contracted by about 2.5 percent. The kina fell by about 15 percent against the Australian dollar during the year. Like politics, the economy can be divided into two halves—before and after the election. In the first half, the economy and the kina remained relatively stable with central bank intervention. Monetary policy was stable and fiscal policy was relaxed. But just prior to the elections the Morauta government increased spending to try to win votes, for instance by announcing the unbudgeted “free school fees” policy. The financial position deteriorated rapidly after that, especially when the new government publicly announced that the government was “broke.” A tight supplementary budget was brought in to stabilize the situation, followed by expenditure cuts in the 2003 budget. In the budget speech, the government announced that its key policy objectives were good governance, export-driven economic growth, poverty alleviation, and rural and human resource development. The key difference was the export-driven policy. Given the poor PNG record of economic management, however, most observers dismissed the budget as another piece of rhetoric. For more than a decade, successive PNG governments have not stuck to the budget and have overspent on “unbudgeted” expenditures—the favored terminology used for overspending by government departments and ministers.

The economy suffered two impor-

tant shocks under the new government. In September, the courts declared the value-added tax (VAT) illegal, causing revenue to some provinces to fall by as much as 80 percent. It took almost a month of negotiations before the government was able to bring new legislation to correct the situation. Second, two key foreign exchange earners were temporarily shut down, the Ok Tedi mine due to low rainfall and Porgera mine by vandalism. Together with widespread perception that the government was not in complete control of the economy, the result was a dramatic drop in the value of the kina. On November 5 it reached an all-time low of US\$0.19. The kina bounced back to the US\$0.24–0.25 range by the end of the year.

Efforts to rebuild the economy were complicated by a lack of any good economic news. The much-talked-about PNG–Queensland gas pipeline took a blow when its biggest customer in Australia pulled out of the deal just before the new year. Exploration in mining and petroleum dropped to historical lows in 2002. Even traditional PNG ally Australia refused to give additional aid when Foreign Minister Alexander Downer held talks with the new government. Australia insisted that reforms take place before new aid money would be released. The strong Australian stand was apparently due to an informal agreement between Australia, the World Bank, and the International Monetary Fund to withhold further assistance from the Somare government in order to force the adoption of harsh spending cuts and undertake real reforms (Forbes 2002).

The government’s moves to stop

privatization came in the form of a Commission of Inquiry into the sale of the PNG Banking Corporation to Bank South Pacific. A Queen's Council from Australia was appointed and is expected to report by 2003. Many expect the commission to report collusion among key decision-makers in the Morauta government and the new owners of the PNG Banking Corporation.

As the year drew to an end, the general feeling in Port Moresby was one of despair. The political system had not changed despite the general elections; the "new" prime minister was in fact the founder of the nation; law and order continued to deteriorate; and the economy had descended to new lows. According to almost every social and economic indicator, the nation had gone backwards. But in true Melanesian style, the political elites still hope that "masta" Australia and other aid donors will again bail out Papua New Guinea in 2003. The word "aid fatigue" was neither understood nor heard in the corridors of power in Waigani.

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Reference

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VANUATU

Some commentators continue to question Vanuatu's stability and wait for a collapse of order as experienced by its Melanesian neighbors. However, Vanuatu has shown a good deal of cohesiveness in a year that witnessed a

number of potentially destabilizing events, including a national election, the jailing of a former prime minister for fraud, and lengthy wrangling over the appointment of the new commissioner of police. Although Vanuatu's economy has not been performing well, 2002 has largely been a success for governance.

The year began with the death of one of Vanuatu's elder statesmen, George Kaltai Kalsakau, on 31 December 2001. Kalsakau had been one of the primary leaders in the lead-up to independence, and in 1978-1979 was the country's first chief minister after the country became a self-governing British-French colony. Vanuatu lost three other notable politicians in 2002: the prominent women's leader, Grace Mera Molisa, who died on 4 January; the second chief minister, Father Gerard Leymang, who died on 2 May; and Noel Maria-sua, a respected chief who had been chair of the National Council of Chiefs, who died in October.

Natural disaster also struck early in the year, when an earthquake measuring 7.3 on the Richter scale hit Port Vila. Some roads, buildings, and bridges were damaged, but overall the capital city escaped lightly scathed, with no deaths. Repair of homes and buildings continued over the year, giving a lift to the building industry. While repairs were costly, in many respects the damage from this earthquake had less human impact than the earthquake and subsequent landslides in Merelava, in the northern Torba province, in late November. Housing, water supply, cash crops, and food crops were all affected. As Merelava is an outer island, this natural disaster received little media attention.