*State, Society and Governance in Melanesia Project*
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# RESEARCH ON GOVERNANCE IN WEAK STATES IN MELANESIA
by
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Concerns about government capacity in Papua New Guinea seem to be confirmed by a deterioration in law and order, and a reaction against the system of provincial government introduced at the time of independence. However, academic research shows that order is not simply a function of government capacity. There are multiple forms of order, including the order that emerges from market transactions, and the order achieved through shared norms (Williamson and Ouchi 1981; Campbell, Hollingsworth and Lindberg 1991; Kooiman and Van Vliet 1993; Young 1994).The government is not necessarily central to processes of achieving order, or 'governance'.

Policy-related research at the National Centre for Development Studies found that governance in parts of the South Pacific depends on democracy and coordination as well as capacity (Larmour 1994;Taafaki and Oh 1995).The issue becomes which modes of governance are being deployed in specific contexts, which may be functional sectors, like 'health' or geographic regions. We want to know what facilitates and what inhibits governance in particular contexts.

Research on the management of common property has identified general conditions under which governance may be achieved without much government involvement (Ostrom. 1990).

The aim of the proposed research is to identify state and non-state factors that contribute to the governance of particular sectors and regions with relatively weak states. 'Governance' refers to an order that emerges from the interaction of a number of actors. 'Weak' refers to the relationship between state and society. While conceptual and comparative, the research. is intended to lead to concrete recommendations about development assistance in situations where states are internally disorganised, and unable to have much impact on society.

The empirical focus is on Papua New Guinea and Melanesia, a region in which centralised, bureaucratic states have been imposed on top of much smaller, self-managing societies. The region extends from Irian Jaya in the west to Fiji in the east, but particular attention will be paid to the four independent states: Papua New Guinea, Solomon Islands, Vanuatu and Fiji.

The results of the research may be more widely relevant to other countries with 'weak' states, and to emergency situations when state power is attenuated or has collapsed.

## GOVERNANCE
The most often cited definition of governance in development comes from the World Bank and refers to 'the manner in which power is exercised in the management of a country's economic and social resources' (1993: vii).

A checklist of issues follows: public sector management, accountability, legal framework and transparency. Concern with public sector management reflects long-standing donor concern with institution building. Ideas of transparency and the rule of law derive particularly from microeconomic concerns to ensure the proper

conditions for a freely competitive market. For development to take place, domestic and foreign investors need to know the rules, and to rely on their enforcement.

Less strictly microeconomic traditions of thinking about governance are also relevant. From institutional economics, Williamson and Ouchi's work on markets and hierarchies looks for the conditions in which the hierarchical arrangements within a firm may be more efficient than 'contracting out' (1981). Rather than a general preference for 'markets' over 'states', there may be some circumstances and sectors within which hierarchical coordination is more efficient than a decentralised market. Ouchi (1980) introduced a third term of 'clans'. Markets and hierarchies did not exhaust the possibilities, as coordination might be achieved by shared norms and values about what behaviour was appropriate.

In relation to development, Polanyi's account of The Great Transformation saw pre-market economies organised by reciprocity as well hierarchy and exchange (1945). Development involved a greater use of markets but not the complete attenuation of hierarchy and reciprocity. In the World Bank's language, states need to be 'market friendly' but not abandon the field. And both states and markets rely on norms and values of trust and fairness, and appropriate behaviour, that may vary from country to country (Larmour 1995b).

Non-economic disciplines also contribute to understandings of governance. Writing in international relations looks for the conditions of 'global governance' in which interstate order is sustained without an overarching world government (Young 1994).Writing on public sector management analyses 'quasi markets' and 'purchaser provider splits' in which a 'hollowed out' state uses competing public, private and voluntary organisations to deliver public services. In this last tradition,

the governance concept points to the creation of a structure or an order which cannot be externally imposed but is the result of the interaction of a multiplicity of governing and each-other-influencing actors (Kooiman and Van Vliet 1993:64).

Generally, ideas about governance are antagonistic to, or decentre, the state as sovereign, external, and controlling. State claims to sovereignty are sidestepped or downplayed. Governance is the resultant or effect of an interaction between official and unofficial actors. It is thus a continuously reproduced achievement, vulnerable to poor coordination, and dependent on the action of others.

## GOVERNANCE IN MELANESIA

Melanesian societies were famously stateless, maintaining order within themselves. According to the political theorist Michael Taylor (1982), who investigated the empirical conditions for anarchy by reading Melanesian anthropology, these societies maintained internal order by a mixture of face-to-face interactions, multi-stranded relationships, common norms and values, self-help retaliation and gossip, shaming and supernatural sanctions (Taylor is less interested in the external relations of these societies, and the relationship between international disorder and domestic order is an issue for supporters of the state, as well).

The characteristic style of modern multicultural industrial states by contrast is only occasionally face to face. Many relationships are single stranded-between buyer and seller, or bureaucrat and client. Diversity of norms and values is expected or celebrated. The style is secular.

Colonial Melanesia was also governed by a combination of government officials, local leaders and (in enclaves) missionaries and plantation owners. District officers ruled by judiciously throwing their weight behind local configurations of power, and coordinated rather than controlled the flow of governing activity within their territory. Indirect rule is a classic form of colonial governance. Current debates about whether mining companies are or should be carrying out functions that should, in some ideal order, belong to government are continuous with older colonial traditions of negotiated, indirect and parcelled-out governance involving, in the South Pacific, trading companies, plantations and missions.

At independence during the late 1970s there was widespread popular participation in discussions about the form of the future state, but not about the need for one. However in Vanuatu there were proposals for an extremely minimal state: draft constitutions were prepared for secessionists by the American Phoenix Corporation which would have limited the role of the state to protection against force and fraud, banned public enterprises, and introduced a gold standard. This minimal state was to be grafted on top of rule by chiefs at local level (Larmour 1982).

At independence in Papua New Guinea, Solomon Islands and Vanuatu, strong separatist pressures were accommodated by commitments to devolution to provincial governments. In Papua New Guinea, however, the system of decentralisation failed to prevent a second attempt at secession by Bougainville province which the Papua New Guinea military has been unable to quash. In 1995 the Papua New Guinea Parliament abolished the system of provincial government established at independence, but did so in the name of greater decentralisation to local level. In Solomon Islands there is continuing political pressure for a looser, more federal system of provincial government than that adopted at independence, while provincial councils have become more assertive in Fiji since the 1987 coups.

In Papua New Guinea there is widespread urban gang violence and a resurgence of so-called 'tribal fighting' in some rural areas, and concerns about law and order are now a major disincentive for investment, domestic and foreign. (Dinnen 1994; Standish 1994).There has been a rise in crime in Fiji since the 1987 coups. Law and order problems are far less intense in Vanuatu and Solomon Islands, though separatist tendencies are strong, and the capacity of governments to deliver services to remote areas is weak.

## THE STATE IN MELANESIA
Work by anthropologists, historians and political scientists in Australia and Papua New Guinea has focussed particularly on the role of introduced states in what had traditionally been stateless societies ruled by chiefs and so-called 'bigmen'. This work conceptualised the state in four ways: organisational, functional, ethical and international.

Researchers like Standish (1994) and Dinnen (1994) tend to conceive it in organisational terms. They draw on Migdal's idea of a weak state, defined in terms of the inability of state elites to act against strong local resistance (1988). Internally, it is incoherent (Larmour 1995a). Externally, it is weak in relation to other powerful social actors (chiefs), or in relation to corrosive social forces (Larmour, forthcoming).

The state is also conceptualised in functional terms, less in its own right than in terms of the job it is supposed to be doing. This job is often traced back to Adam Smith's 'three duties of the sovereign': defence, police and construction of public works that would be unprofitable for the private sector, but of benefit to society. Reports for aid agencies tend to take this functional road, seeing the state in terms of its ability to correct market failures, and secure economic development. Marxist accounts of the state in Papua New Guinea (MacWilliam 1988) also tend to see the (capitalist) state in functional terms, though its organisational apparatus is seen as providing a set of niches for political conflicts within and between classes.

A third approach recognises an ethical dimension to 'stateness'. Weber's famous definition of the state as a 'human community that successfully claims the monopoly of the legitimate use of violence' (1983: 111) is partly organisational but also ethical -- the claim is recognised as legitimate. Killing done in the name of the state may be regarded as admirable, but done privately as immoral. Rule by states introduces a distinction between 'public' and 'private' in which behaviour which is ethical in one sphere is unethical in another. Bureaucracies in Melanesia have norms of impersonality that are often regarded as ethically suspect in the wider society where people are expected to help their friends and kin. Their claims to the monopoly of the legitimate use of violence are often challenged by so called 'tribal fighting' and some kinds of gang violence.

States cannot simply be understood in their domestic dimension, in relation to the societies they govern. They also look sideways to each other. The disparity between their domestic feebleness and international

recognition makes the smaller ones good examples of what Jackson (1990) called 'quasi states', dependent on the good will and financial support of the international community rather than their own resources, for survival.

## GOVERNANCE WITH WEAK STATES

The face-to-face conditions for order without states are impossible to reproduce at the scale of modern Melanesian states like Papua New Guinea, Solomon Islands or Vanuatu. Even within small-scale, face-to-face societies contained within these states, norms and values are no longer uniform, people are calling on police protection rather than self-help retaliation, and supernatural sanctions are becoming attenuated.

The international community of states is, any case, unlikely to allow any part of the world to drop out completely from the regime of states, even if it becomes more tolerant of secession to form new states. So non-states are utopian.

It is also hard to see how weak states can strengthen themselves -- one of the measures of their weakness is their inability to reform themselves (a version elsewhere called the 'orthodox paradox': if the state is as incompetent as economic theory suggests, then how can it be an agent of reform). Study of the postwar history of technical assistance and institution building shows the limits of reform from the outside (Moore 1995).The public sector management definition of governance, above, is quite explicit that it cannot be 'externally imposed'.

So we are left with weak states, and the role, if any, they should play in achieving governance. The State, Society and Governance project will look at governance in situations where states are organisationally weak, functionally ineffective and ethically suspect according to some societal values, but nevertheless internationally recognised.

## RESEARCH UNDERTAKEN

The National Centre for Development Studies (NCDS) has carried out research on the application of governance concepts to the South Pacific for the British Overseas Development Administration (ODA) and as part of other research for the Australian Agency for International Development (AusAID).

NCDS work on governance in the South Pacific began with a workshop funded by the British ODA and identified three meanings of governance: governance as capacity, as democracy and as coordination (Larmour 1995a). These categories were applied in a pilot study of the policy process in Tuvalu (Taafaki and Oh 1995), in a research report on the role of trust funds in development commissioned by AusAID (Duncan, Larmour and Hunt 1995), and in parallel research by Macdonald on Kiribati (1996).

These initial studies showed that formal democratic institutions were well established in Tuvalu and Kiribati and were supplemented by informal methods of accountability. However, capacity and coordination were less satisfactory Government agencies were fragmented, and lacked skills and resources. They needed to coordinate their activities with powerful non-state actors, such as churches, big companies and traditional leaders.

The proposed research aims to develop a greater understanding of the process of coordination, in situations where capacity is weak, but democracy satisfactory, and in the larger Melanesian states rather than the very small states of Kiribati and Tuvalu.

Work on governance at the National Research Institute began recently with a workshop for senior officials in April 1996.

## ANALYTICAL FRAMEWORK

Following Polanyi and Ouchi, three modes of governance – hierarchy, market and community -- can be distinguished and will be used to analyse the organisation of particular sectors (such as health or education)

and particular regions (such as provincial government jurisdictions) in Melanesia.

Hierarchy operates by setting and enforcing top-down rules and regulations. In markets, order is sustained through an 'invisible hand' process. Among communities or networks, order is sustained by shared norms of appropriate behaviour. Any existing system of governance will contain a mixture of these organising principles. Hierarchic modes of coordination tend to dominate in the public sector, though market exchanges and shared values also play a part.

Market coordination tends to dominate in the private sector, though large firms are hierarchically organised, and shared norms underpin markets. Similarly common norms and values are predominant but not exclusive in the voluntary or 'third' sector (Larmour 1991; Colebatch and Larmour 1993; Maidment and Thompson 1993; Thompson et al. 1991).

A markets/hierarchies/communities approach was used by Larmour (1990) to analyse land management in Melanesia. Land under customary tenure was seen to be managed by shared norms and values, though a market was emerging in spite of government prohibition of sales. Numbers of private sales provided a rough measure of market activity, and areas of land under different forms of tenure a measure of the balance between modes of coordination in this sector, but the framework was unable to say if this particular combination was benign or stable. There was no way of judging if the particular combination of modes of coordination of land use was better than others, and if they would last.

Elinor Ostrom's (1990) work on 'Governing the Commons' began from dissatisfaction with the two conventional alternatives to the famous 1 tragedy of the commons', in which pursuit of self interest leads to collective disasters, for example in fisheries management. Rather than the standard responses of privatisation or government regulation, Ostrom proposed a middle way of self management and looked for the principles underlying a number of cases of actually existing self management of common pool resources such as fisheries, alpine meadows, and water supplies. These 'design principles' were

1. Clearly defined boundaries
2. Rules for resource use to suit local conditions
3. Participation in collective decisions
4. Monitoring
5. Graduated sanctions
6. Conflict resolution mechanisms
7. Government recognises users rights to organise (Ostrom 1990: 90).

Ostrom's framework is in some ways a special case of the more general argument about hierarchies, markets and communities derived from Polanyi and Ouchi. She compares situations where states and markets are present, but in the background, as communities have developed (and policed) norms and values to regulate the exploitation of their own resources. Ostrom answers the question of whether this combination of modes of coordination is better than others in evolutionary terms: it has survived.

Ostrom places the state in a wider process of achieving order rather than assuming 'the state' stands at the apex. States and markets are there in the background, but governments are required to go with the grain of self management tailored to particular environments.

Ostrom's design principles provide an institutional language for discussing some persistent issues of governance in Melanesia. Rule 1 refers to territory and group membership, and fuzziness about who and what is included or excluded will, according to Ostrom, reduce incentives for the users to manage the resource (1990: 91).At least, outsiders may dilute the benefit that insiders may gain from their management of the resource. At worst, they may be overwhelmed.

Boundary definition is already a characteristic preoccupation of Melanesian states in their concern with entitlements to citizenship and in management of Exclusive Economic Zones. In part this may be because their authority derives from international recognition as much as from domestic support. Ostrom's principles suggest that concern with membership and boundaries might be turned inwards and parcelled out around sectors and regions. They touch, for example, widespread Melanesian concerns about internal migration, provincial citizenship and registration of clan land boundaries.

Rule 2 is the familiar question of appropriateness: the history of Melanesian constitution making, and constitutional review, has been one of largely disappointed calls for appropriate institutions. One reason may be the pressures for standardisation generated by the international character of the state. Pressure for decentralisation to a more appropriate scale of governance has persisted. However, in the continuing federalist talk in Solomon Islands and in the way the Papua New Guinean government has argued that its abolition of provincial government is really a way of achieving more effective local government.

Rules 3 and 7 imply some kind of democracy, at least among participants. Rule 7 implies government restraint rather than activism: in some circumstances the best thing a weak state can do is keep out of the way. Rules 4-6 imply some kind of arbitration and enforcement, though there is no reason why the state should monopolise these activities --Ostrom's fisheries example has members enforcing their own rules, including by Taylor's 'self-help retaliation' (implying the police should also keep out) (1982).

Ostrom's checklist recognises the hybrid nature of existing systems of governance, depending on action (and restraint) by state and non-state actors in particular local circumstances that relate to wider markets. What roles do they imply for a weak state? And how far are these rules applicable to non-resource issues?

## HYPOTHESES
The general hypothesis is that social order is not simply a function of state activity but a result of the interaction between state and non-state actors such as individuals, clans, private firms, churches and non-government organisations.

The specific hypothesis is that in regions or sectors where the state plays a limited role in governance, persistent order depends on conditions identified by Ostrom for resource use ('clearly defined boundaries').

Ostrom's design principles refer to one particular configuration in which the role of the state is particularly attenuated, but not completely absent. Ostrom's point is that this configuration is relatively stable (long enduring'), provided certain conditions are met ('clearly defined boundaries' etc). Other stable configurations, perhaps involving stronger states, are presumably possible. Her principles may only apply to common pool resources, or perhaps to other kinds of 'public goods' like 'law and order'. The research proposes

- to survey the relative importance of state, compared to market and community, forms of governance within selected policy sectors and regions of Melanesia

- to identify particular combinations of state market and community forms of governance that have proved particularly stable and persistent

- to test for the presence or absence of Ostrom's design principles in those stable situations where die state's role as been particularly limited

- to assess whether Ostrom's design principles, or others like them, can be applied to other sectors and regions

- to propose how such design principles might be applied to ensure the stability of governance in situations where states are weak.

The basic units of analysis will be functional sectors', such as 'health' or 'education' and spatial 'regions'. These cut across each other.

These will involve developing indicators of state, market and community activity in any particular sector or region, and a way of assessing their relative weight. State activity might be measured by the promulgation of regulations, prosecutions, budget allocations or staff-postings. Market activities might be measured by sales, turnover or wage income of actors. Community activities might be measured in terms of numbers of voluntary or community organisations or time devoted to them.

Historical analysis will look for the patterns of change in state, market or community activity in order to assess and identify stable combinations and isolate stable examples where state action has been relatively limited, and searching for Ostrom-like conditions ('clearly defined boundaries' etc). In policy terms, knowledge of the conditions for governance with weak states would allow development assistance to be directed at strengthening those conditions, rather than strengthening the state.

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