Kumul Scholars International

2002 CONFERENCE PROCEEDINGS

Structural Adjustment Em I Gutpela Samting?
(Is Structural Adjustment a Good Thing?)
Kumul Scholars International (KSI) is a non-political association of Papua New Guinean Scholars in Australia established in 1998. It has a broad mission of contributing towards the enhancement of national consciousness on issues of national interest and development in Papua New Guinea (PNG). In line with this broad mission, a tradition was established whereby an annual convention is held for the PNG scholars to interact, share ideas and discuss issues of interest and importance to Papua New Guinea.

Since its inception, two conventions were held in Brisbane and Armidale in 1998 and 2000, respectively. KSI conventions have the main objective of contributing to the intellectual development of individuals and making active contributions towards the development of PNG. This is particularly important because KSI has the potential to build bridges between the less fortunate, the less informed and the growing class of educated élites through its membership. The future of Papua New Guinea is no doubt entrusted in the hands of this cadre of citizens. Accordingly, KSI sees its role in providing the stewardship needed to mould them into responsible custodians of PNG’s heritage and future.

The Theme

It has been the tradition of KSI conventions to chose themes that reflect issues of current significance to PNG. In 2002, Structural Adjustment Program (SAP) was adopted as the theme for the convention. The topic was of interest because of the controversy that surrounded the process of implementation in PNG as well as elsewhere in the developing world. PNG has had its first SAP in 1988–89 in response to the Bougainville crisis. The second was in 1994–95 in response to a financial crisis. The third SAP was introduced in 1999–2000 as the economy continued to contract and spiral into another financial crisis, resulting from the Skate government’s disastrous management of the economy. There is now a fourth SAP currently undergoing negotiations between the present Somare
government and the International Monetary Fund, World Bank and the Friends of PNG.

The main question being asked here is whether SAP is a good thing (em i gutpela samting)? The KSI executives and the Canberra Organising Committee\(^1\) strongly felt that the KSI members attending tertiary studies in Australia needed to be made fully made aware of the reasons for a SAP and its implications.

Four sub-themes were adopted to form the basis of the program and the subsequent proceedings. These four sub-themes were adopted from the main objectives of the recently completed (third) SAP. These were:

- Sub-theme 1: Sustaining macroeconomic stability
- Sub-theme 2: The promotion of good governance
- Sub-theme 3: Removing barriers to investment and economic development
- Sub-theme 4: Improving public sector performance

**Objectives of the Conference**

The conference had few objectives to achieve. The program for the 2002 KSI convention (see Appendix 3) was drafted with the aim of achieving these objectives. The objectives were:

- Convention to be part of the learning process thereby expanding the student knowledge of development, adjustment and changes in PNG.
- Educate and expand knowledge on structural adjustment programs in PNG and elsewhere.
- Inform Participants of the reality and theoretical aspects of structural adjustment programs.
- Impart information on why a SAP was required in PNG and the experiences of designing, implementing, and measuring its outcomes.

The 2002 convention was indeed an opportunity to review theories and the practical experience that has evolved from implementing SAPs in PNG. Academics from The Australian National University who have had long term research interests in PNG, former senior public servants now pursuing graduates studies in Australian Universities and the former World Bank country manager and designer of the third SAP were the guest speakers at the conference. For every sub-theme, pairs of speakers were nominated. The academics provided the theoretical and empirical discussions while
the practitioners discussed the practical implementation of SAPs in PNG. It provided the opportunity for PNG students to broaden their own learning experiences. The convention also provided the avenue and the process for myths to be separated from facts in relation to SAP in PNG.

After the sponsor’s address by Ali from the Australia and New Zealand Bank, the rest of the chapters are divided into three parts. In part 1, Duncan provides the background and historical evolution into the World Bank, IMF and SAP while Weise discusses the third SAP in PNG for which he was the World Bank country manager and chief architect of that SAP. In part 2, Chand suggests that deficit and debt are the source of PNG’s macroeconomic problems while Kauzi discusses the impact of SAPs on monetary policy. In part 3, Larmour provides a discussion on power, conditionality and SAP while Turia discusses the impact of SAP on the forestry sector. In part 4, Turner discussed the relationship between SAP and public sector reform while Demas discusses the impact of SAP on the implementation of the public sector reform. In part 5, Curtin discusses the barriers to private sector development while Kanawi provides an insight into the challenges facing customary land mobilisation. The final section provides the major outcomes of the conference as per the discussions from the plenary session. There is an appendix which includes Biographical data of the speakers, program and names of participants.

Note

1 The Canberra Organising Committee members are John Maru (Chairman), Hitolo Moka (KSI President), Esmie Sinapa, Sam Koyama, Peter Challapan, Ruth Turia, Joe Degemba, Michael Henao, Schubert Maketu, Joe Demas, and Charles Yala.
Acknowledgment

Kumul Scholars International (KSI) acknowledges the generous financial support of The Australian Agency for International Development (AusAID, Canberra), Oil Search (formerly Orogen Minerals), ANZ (PNG Ltd) and Ramu Sugar LTD, towards the hosting of the 2002 Convention in Canberra. The generous support of these development partners has made it possible for scholars to travel from as far as Cairns to the conference.

KSI also acknowledges the support provided by The Australian National University (ANU) in terms of free access to the conference facilities, Prof. John Hearn, Deputy Vice-Chancellor (Research) for taking his time to officially welcome all participants to ANU, and the staff who took time to participate as our invited guest speakers. The guest speakers who both presented and wrote the papers contained in this conference proceeding are also acknowledged for their time and effort. Finally, the contributions of the following also from the ANU are acknowledged: Sue Holzknecht for editorial assistance, the State, Society and Governance in Melanesia Project for facilitating the use of the AusAID funds, and the Asia Pacific Press for producing the proceedings.

KSI looks forward to the continuing support of all the sponsors and the ANU in general. KSI endeavours to be a catalyst for change in PNG. Therefore, the partnership we have established with the sponsors and ANU is truly treasured. It is with these thoughts in mind that KSI on behalf of all PNG scholars in Australia extend to the sponsors and ANU its sincere gratitude for their assistance towards the 2002 convention and operations of KSI.