

Can democratic reform enhance Papua New Guinea's economic performance?

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In a recent article entitled 'Economic decline and political reform in Papua New Guinea', Reilly (2002) acquaints us with some of the unpleasant facts about Papua New Guinea's allegedly robust democracy. Linking deficiencies in the current democratic system to Papua New Guinea's poor economic performance, Reilly goes on to describe certain reforms that he feels would improve democracy and enhance economic development. This paper questions whether the reforms Reilly describes will lead to more rational economic policies and enhanced economic performance, and argues that there are solid reasons to doubt they will make Papua New Guinea's government more representative and accountable, or even move the country toward the ideal of a more responsible participatory form of self-government.

Democracies are usually preferred on the assumption that free elections and majority rule promote the interests of the majority. In Papua New Guinea, however, the issue is not simply whether the interests of the majority are successfully addressed or their grievances redressed, but whether elections mean that the interests of the majority are represented at all. The case of the 1997

election, when allegedly there was 100 per cent voter turnout, is instructive. If voter turnout is 100 per cent and successful candidates are determined by the majority of votes, the interests of the majority should find representation in parliament. As Reilly reports, however, 'the parliament elected in the 1997 election received the support of just 18 per cent of voters: in other words, 82 per cent cast their ballot for losing candidates' (2002:135). This, Reilly says, is by far the lowest level of electoral support for a parliament of any long-term democracy in the world. With an average of 20 candidates vying for each seat, Reilly shows that some politicians won with 6 or 7 per cent of the vote. Thus, we encounter one of the most common misconceptions about democracy, that is, the democratic process always ensures that the interests of the majority will be represented.

Given that retention of 18 per cent voter support is sufficient to ensure re-election, an infelicitous economic effect is unavoidable. Reilly argues that the Papua New Guinea parliament designs its economic policies to reward the minority supporters of winning candidates, without reference to the wider constituency or projects that would sustain

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national development. Moreover, Papua New Guinea's dismal economic performance is exacerbated by the weak party system that has created an unstable executive with frequent changes of government via no-confidence votes on the floor of parliament.

Despite the persistence of interethnic violence in Papua New Guinea, Reilly argues that the ethnic divisions that produce the above-mentioned political reality can be overcome, citing current reforms that seek to deliver a more stable political system via changes to the rules by which governments are elected and take office. These reforms include the revision of the electoral system through the introduction of rules controlling the formation of executive government, and a series of financial and other incentives that aim to promote the development of a more structured and disciplined political party system.

Reilly's belief in the efficacy of these reforms is based on a number of empirical studies. He points to research that indicates that broad-based parties with strong ties to the electorate are associated with higher levels of development than weaker party systems with high degrees of fragmentation, such as Papua New Guinea's (Powell 1982). He also refers to studies showing that party system fragmentation represents a particular barrier to achieving substantive economic reform (Haggard and Webb 1994), and others suggesting that regimes that rely on a small percentage of the population have, in general, much weaker economic growth than those with more broadly based governments (Bueno de Mesquita et al. 2001).

To overcome such deficiencies and encourage the election of more broadly supported candidates, Papua New Guinea has undertaken electoral reform involving the introduction of preferential voting in place of the first-past-the-post system. Preferential voting is a modification of the alternate vote used in Australia that allows

voters to rank candidates on the ballot by marking '1' for their favoured candidate, '2' for their second choice, '3' for the third choice, and so on. If no candidate achieves a majority at the first count, the lowest-ranking candidate is eliminated and his or her lower-order preference votes are transferred to the remaining candidates. The process continues until a majority winner emerges. The rationale behind this more involved system holds that it promotes conditions that aggregate common interests while ensuring a majority victor. Because of the impact of lower order preferences, office-seeking candidates should have an incentive to attract as many secondary preferences as possible from voters who give their first choice vote to other candidates.

It is recognised that these electoral reforms may not be sufficient to bring about the desired change. Another aspect of the reform involves the creation of an incentive system to encourage the development of political parties. It is hoped that the incentives encouraging party aggregation will encourage the growth of broad-based and policy-focused parties whose influence and activities will extend 'beyond the confines of parliament' (Reilly 2002:138). So far, Papua New Guinea's political parties have tended to be fluid aggregates held together by particular personalities rather than by cohesive policies that articulate a set of national goals and ideals. Since there are no constitutional impediments (and why should there be?) to 20 candidates contesting a seat, even given the introduction of preferential voting, there may still exist an allegiance to one's primary supporters, although candidates may have made overtures to other groups within the constituency. Preferential voting might lead to a parliament of politicians who are truly committed to the interests of the greater membership of their electoral district, but the fractious and divisive politics of local and

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regional self-interest may well continue. With around 800 different linguistic groups, Papua New Guinea may remain a country of ethnic divisions. Local electorates may continue to make demands without reference to the national interest.

In order to overcome the latter problem, reformers point to changes designed to strengthen the party system. For the common interests of the majority to be identified and addressed, not only politicians who are representative of the interests of the majority within their electorate are needed, but also politicians who can see beyond the electorate to the national interest. From a purely utilitarian perspective, the promotion of the interests of the whole will be seen to be more effective in promoting the interests of the parts than a situation in which political representatives compete for resources to pay back their primary and secondary supporters. An effective party system, which articulates a set of national goals and objectives, and instils party discipline to ensure that local interests do not undermine these goals, will hopefully overcome the narrow self-interest that impedes economic development. Democracy in this sense will then begin to approximate the ideal of majority representation and promotion of the interests of the majority rather than the interests of the 18 per cent minority.

Thus, we may have the cure to the economic development problems of Papua New Guinea's multi-ethnic society, in which 800 linguistic groups and potentially 800 different communities compete for a share of the national pie. As some have observed, the sheer plurality of ethnic communities in Papua New Guinea ensures that no ethnic group can achieve dominance, at the same time creating a highly fragmented political landscape in which national development is paralysed because of an inability to reach common ground. The question then becomes, will the reforms provide the necessary

benefits without compromising the interests of the minority? Moreover, will matters be improved by limiting the number of political parties to those that are financially secure and have an articulated vision of the national goals? Will it then be easier to secure compromise agreements that bring coordinated benefits to a larger segment of society?

Strong national parties and the will of the people

Given that it can be implemented in the current climate of organisational dysfunction, preferential voting will provide some motivation for candidates to broaden their appeal. However, what is more problematic is the belief that strengthening the party system can correct economic policy and address the material needs of the greater population rather than the needs of a small minority effectively made up of the members of parliament and their supporters.

In his critique of democracy in the developed world, MacPherson (1977:66) argues that in the developed liberal democracies, universal franchise realised in the early twentieth century did not result in the domination of government by the more numerous lower classes because of the existence of the party system. By projecting themselves as national parties standing for the common good, political parties blunted the possibility of class conflict and saved existing property institutions and market relations. Thus, the party system has served as a means of reconciling universal equal franchise with the maintenance of unequal social relations. Meanwhile, each ruling party continually effects compromises with opposing interests within its country, whether or not the opposition is represented within the government. Parties can do this because they are continually blurring the

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issues and thereby diminishing their responsibility to the electorate.

MacPherson's is an apposite criticism that needs to be addressed. As we have seen, the sponsors of electoral reform in Papua New Guinea are wedded to the view that a stronger party system will support politicians who are committed to broadening policies that capture the national interests, rather than the minority local interests of their immediate supporters within the electorate. In MacPherson's view, however, when a country adopts elections with a strong national party base, there is a tendency to present very general, loosely defined policies. Much like advertisers who make vague and exaggerated claims, political parties evade responsibility by resisting pressure to make their policies explicit. Once in office, they go about their real business, which is to work out compromises between powerful special interest groups. Under these circumstances, democracy is powerless to bring about economic reorganisation or policy that can bring benefits to the majority of citizens.

Under the national party system, MacPherson argues, the control of the electorate over the leadership is not dissimilar to the control exercised by individual consumers in an oligopolistic market, since politicians are more responsive to their party's need for self-preservation and advancement than the needs of their electors. At the same time, because national political parties must constantly solicit donations to meet their considerable financial requirements, the national party system increases the political power and influence of organised moneyed interests. The presence of political parties gives individuals the illusion of control over the political process. However, like buyers in an oligopolistic market, who—unless they have access to vast financial resources—are unable to influence the nature or variety of the products from which they can choose, voters under the national party

system can only make choices that have been designed and packaged for them by forces that have nothing to do with the democratic process.

However, it is not the purpose of this paper to dwell on the shortcomings of democracy in the developed world but to consider its appropriateness in the developing world, and specifically whether a strong party system would make a difference in terms of economic progress in Papua New Guinea. Given that developed countries are incapable of implementing policies that reflect the wishes and interests of the majority, and are disproportionately controlled by powerful lobbies and financial minorities, one would expect a similar or worse situation in a developing country like Papua New Guinea. In a country where the bonds of kinship and tribal membership are much stronger than in the West, it is even less likely that a group of politicians would be capable of implementing policies that are perceived negatively by their tribal groups or *wantoks*. For example, in Papua New Guinea there is a need for land reform, both in terms of registration of customary land and a movement away from collective to individual title. However, there are powerful groups who see their interests threatened by reform. When the government proposed to conduct studies of these issues, in 1995 and 2001, bloody demonstrations broke out. On both occasions, the government hastily assured the public that it had no intention of implementing any immediate changes in the existing system, and the proposed studies were suspended. It is highly unlikely that any national party would wish to take on the issue, even as part of an election campaign proposal or as a policy once elected.

Hence, one can almost say that it is too late for any significant land reform now that democracy has been implemented. In Japan, South Korea and Taiwan, land reform was carried out in a non-democratic context with

the help of US occupying forces (Bell 2000:162–3). Such institutional change may not have been possible in a democratic context. In a capitalist democratic context, property owners have disproportionate power. In Singapore, land acquisition and redistribution were carried out locally. In order to create the basis for Singapore's spectacular economic growth it was necessary for the state to curtail property rights through the Land Acquisition Act, which allowed it to acquire land for industrial development and public housing. The government left the right to property and to receive fair compensation out of the constitution (Bell 2000:162–3).

Democracy and economic policy

The dynamics of politics in the developed liberal democracies suggests that strengthening the party system does not necessarily mean voters will be offered a choice of fully articulated, rational economic policies. Moreover, even if a strong party system develops, it is doubtful that the problem of land reform will be overcome or that broadly comprehensive economic policies aimed at the national interest will be realised, given that national parties tend to be captured by powerful special interests. But something needs to be done. Papua New Guinea's current system of democracy, in which parliamentary politics is essentially an arena in which politicians compete for national revenues for their supporters, has rendered it incapable of dealing with pressing issues such as maintaining a public infrastructure or sustaining economic development and land reform. Given the pressing need for viable economic policies, it may be necessary to limit democracy rather than rely on electoral reform.

One way to limit democracy is to limit the input of politicians in economic policy making. In East Asian countries, economic

policy has largely been the domain of bureaucrats rather than politicians. It is said that the bureaucracy attracts the top talent. In Japan, nearly autonomous ministries run the country on a day-to-day basis and usually exert more power than elected leaders. Questions are submitted to parliament a day in advance so bureaucrats can prepare answers for cabinet ministers to read out (Bell 2000:164).

Another area in which democracy could be limited is with respect to access to money and reserves. In Thailand, where the Asian economic crisis began, 'excessive democracy' contributed to the economic crisis—the central bank was too subject to the money politics of elected leaders. In a developing country, good governance may require meritocratically chosen public servants who are insulated from the blandishments of special interests and the passions and whims of momentary majorities (Bell 2000:168). In Papua New Guinea, the need to constrain the spending of public monies by politicians is as pressing as ever. In the lead-up to the 2002 election, the Morauta government spent liberally in its attempts to ensure re-election, and finally left behind the biggest deficit in Papua New Guinea's history, despite its reputation for fiscal responsibility. Unbudgeted expenditures rose substantially, the highest being 103 million kina for roads and 73 million kina for the election itself (Curtin 2002:141–4). Developing countries such as Papua New Guinea and Thailand might do well to institute something comparable to Singapore's 'Elected Presidency'—an official who is chosen by a group of establishment figures, hand-picked by the ruling party. The main task of this position is to protect Singapore's huge foreign reserves against the 'democratic' temptation to spend them for the sake of attracting votes. It is said that this mechanism is to protect against a flaw in democracy—the fact that future generations don't have a

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vote (Bell 2000:169). But in Papua New Guinea you don't have to be a member of a future generation to suffer disadvantage.

For developing nations there is also the issue of getting priorities right. Paddy Ashdown, the international community's high representative in Bosnia and Herzegovina, stated, 'We made a big mistake here and made a big mistake in Kosovo...and that was not to realise that the rule of law comes first. We thought democracy came first' (Gray 2003:11). In Bosnia and Kosovo, elections were seen to make little difference in terms of establishing security and a functioning society. Elections became popularity contests that didn't change anything. The point is that there is a need to establish a reliable judiciary and adequate protections to insure security and well-being before elections are held. In Papua New Guinea, there is also a necessity to get the law and order problem under control.

This brings us back to the analysis of rights and their categories. When we speak of security, we are essentially making reference to liberty rights—for example, the right to be free of injury to self or property and unreasonable restrictions on personal freedom. However, what of positive rights or welfare rights? Governments are also expected to make provision for welfare rights such as the right to clean water, unpolluted air, adequate medical care and a minimum disposable income. On this point, O'Neill (1996:134) observes that welfare rights are different from liberty rights in that to institutionalise the former is not only a matter of securing the backing of the law and the courts but also of defining and allocating obligations to contribute and provide the relevant goods and services. In other words, liberty rights can exist without government intervention or promotion, while welfare rights depend entirely on government's active involvement. Thus, welfare rights require not only an impartial judiciary and

police, but also an additional institutional infrastructure and the assignment of specific welfare provision duties to various individuals. The right to vote can also be seen as a welfare right, one that requires an extensive institutional setting and the allocation of resources to maintain the system. In this sense, the right to vote is in competition with other welfare rights—not to mention fundamental liberty rights—for scarce resources. It is reasonable to ask whether it would be better to devote scarce resources to addressing other fundamental rights first.

Democracy and ethnic violence

Another area worth looking at is the relationship between democracy and ethnic violence. Last century saw the growth to prominence of the conception of democracy as a system that primarily works to harmonise the various interests and forces at work within society, rather than a system that expresses some presumed majority consensus (Dahl 1956). A study by Snyder (2000), however, suggests a link between the institution of democracy and increased ethnic violence, and throws doubt on the premise that democracy will promote economic prosperity.

Events over the past few decades have shown that there is no guarantee that democracy will prevent a majority from imposing its will on the minority in a way that violates the latter's human rights. Snyder (2000) argues that democratisation increases the risk of nationalist and ethnic conflict in the developing world, but that the strength of this propensity varies in different circumstances. In Rwanda and Burundi, for example, pressures from international donors to democratise led to the genocidal attacks on the minority Tutsis by the more numerous Hutus. Snyder also argues that partial democratisation and partial increases

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in press freedom occurred before the outbreak of ethnic conflict in the former Yugoslavia, before the escalation in fighting between Armenians and Azerbaijanians, and in Russia, in the perpetration of the war against the ethnic separatist Chechens (Snyder 2000:28). Relying on Gurr's *People Versus States* (published in 2000 by the United States Institute of Peace), Snyder asserts that a systematic study of every ethnic conflict during the period from 1990 to 1998 shows that ethnic political assertiveness peaked during the wave of transitions toward democracy that followed the collapse of the Soviet empire. He concludes that democratisation is likely to spark nationalist conflict in countries that have an underdeveloped economy, a population with poor civic skills, underdeveloped representative and journalistic institutions, and élites who are threatened by democratic change (Snyder 2000).

Many of these factors apply in Papua New Guinea. While the plurality of ethnic groups in Papua New Guinea precludes simple polarisation as in Rwanda and Burundi, in other respects Papua New Guinea conforms closely to the pattern that Snyder describes. The Bougainville crisis that began in the late 1980s was born of a strong nationalist sentiment, which became more manifest as Papua New Guinea moved towards democratic independence. While the Bougainville secessionist movement has abated in recent years, ethnic conflict on the mainland persists, particularly in the Highlands (Standish 2003), and the indications from the 2002 election are that it is increasing. But while ethnic violence was clearly present in the last election, it is not on the scale seen in Rwanda. Again, what saves Papua New Guinea from this possibility is the plurality of its ethnic groups, which precludes the emergence of a powerful and violent majority.

Snyder (2000) argues that transitions to democracy have been almost always successfully consolidated when they occur in states that have high levels of per capita income, above roughly US\$6,000 (in terms of purchasing power-equivalent 1985 dollars). He notes that this also means countries with large middle classes and highly literate populations with the necessary skills for democratic participation. These factors, he says, explain the relatively peaceful occurrence of post-Communist democratic transitions in the Czech Republic, Poland, Hungary and Estonia (Snyder 2000:72). He then affirms the converse—that transition to democracy is rarely consolidated in countries where per capita income is below US\$1,000, there is a small middle class, and the population lacks civic skills. Snyder's analysis of transitional democracies raises an important question. If democracy can only be successful in societies that have already achieved a comfortable level of prosperity, literacy and civic responsibility, but appears to be unable to improve and even exacerbates tensions in countries that lack this development, why is democracy important for either developed or developing states? Clearly his analysis indicates that countries can achieve organisational structures necessary to deliver public goods without democratic institutions.

Thus, undemocratic institutions such as in Singapore and Japan, designed to bring about economic rationality, may be more appropriate to Papua New Guinea's current needs and purposes than a strengthened political party system that may still be hostage to special interests, regardless of the rhetoric about national goals. Moreover, if Snyder's analysis is correct and democracy has been most successful and free of ethnic conflict in those states that already possessed a degree of wealth and a literate middle class, what exactly is democracy designed to do in

any case? Snyder's analysis begs the question: what is the benefit of democracy if it can only be added on when the benefits have already been secured?

Democracy and the value of citizen participation

To this point my objections have tended to dismiss the value of democracy based on impersonal economic calculations, or what is referred to as economic rationalism, in favour of systems that manage the economy through less democratic arrangements. But many would no doubt also draw attention to the participatory value of democratic institutions. The involvement of citizenry in governance is seen to have a value that extends beyond the economic efficacy of the system. One might argue that even if certain Asian countries achieved greater material benefits through non-democratic processes, at the same time their citizens would suffer the denial of the social benefits associated with participatory government.

When democracy is seen as bringing benefits associated with the exercise of personal freedoms, it is interpreted independently of issues of majority benefits, aggregated utility, or the harmonising of potentially dangerous social forces. This is an interpretation of democracy associated with the writings of John Stuart Mill, especially *On Liberty* (1956 [1859]). The democratic system, he theorised, gave all citizens a direct interest in the actions of the government, at least to the extent of voting for and against the government and, in the process, informing themselves and forming views through discussion, and so on.

According to MacPherson, J.S. Mill's interpretation of democracy built on and improved on the earlier work of Bentham (1996 [1789]) and James Mill (1820), who

assumed that society was made up of a collection of competing self-interested consumers and appropriators, and that democratic institutions did not necessarily extend the limits of individual potential or promote individual responsibility for human affairs, since individual nature remained virtually unchanged whether subject to authoritarian or democratic rule (MacPherson 1977:51). The function of government for these earlier theorists is to maintain a free market system, which secures prosperity, while protecting the citizens from rapacious governments. This it does by making the leadership periodically replaceable through democratic procedures (MacPherson 1977:33).

In contrast, Mill (1956 [1859]) conceived of autonomy as closely connected to self-development—that is, we take responsibility for our own lives rather than be controlled by others. Having accepted our responsibility, we proceed to identify our interests and talents and develop them accordingly. It is in a sense a notion of individual flowering, and hence differs significantly from Bentham's or James Mill's view of the individual as an essentially self-interested maximiser of personal pleasure.

It has been argued that this conception of human flowering (an overriding interest in shaping a human life plan) does not resonate with many non-Western people, for example East Asians, who believe that the individual is not distinct and separate but exists in the context of family and the wider society (Bell 2000:193). Similarly, the traditional societies of Papua New Guinea have been described as investing ultimate value in the community rather than the individual (de Coppet 1990).

However, it is also easily argued that democracy in Papua New Guinea has not moved beyond the interpretations of Bentham and Mill. It is hardly necessary to make

contentious points as to the relative importance of individuals and collectives in developing countries in order to indicate that J.S. Mill's vision is far from realisation. In Papua New Guinea, voting is a self-interested attempt to maximise personal benefit rather than a form of participation in responsible self-government. Papua New Guinea provides a perfect example of the disintegration of society into voting blocks whose *raison d'être* is to return a healthy share of the national wealth to the individual membership. After monitoring the 2002 election, one analyst described the Papua New Guinea Highlands as an 'ethics-free zone' where candidates do 'whatever it takes' to grab state power in the name of their traditional clan or tribal group. One may argue that this represents the assertion of some collective interest or group value over individual self-determination, but in fact the success of the group can be cashed out in terms of dividends to the individual and family membership.

Indeed, at least in the Highlands, a Hobbesian state of disorder makes anything permissible (Standish 2003). Weapons have been used in the presence of senior police to prevent people voting, and in many areas polling officers were forced at gunpoint to sign ballot papers and admit fraudulent votes. In the Eastern Highlands, the Western Highlands and Chimbu, polling officers were stabbed and, in one instance, a policeman chopped. In the Western Highlands three polling officers were kidnapped. In Enga Province the wife of a Returning Officer was shot after her husband refused to admit three tainted ballot boxes for counting. Local political activists have predicted that future elections will be decided by armies (Standish 2003).

Conclusion

Democracy will provide no guarantee of economic progress in Papua New Guinea, even if reforms result in strong political parties. In industrialised countries, broadening the base of electoral support through national parties has loosened the link between the leadership and its constituency, so that politicians have become more responsive to their party and its disciplinary mechanisms, and parties themselves have become more beholden to the special interests of those who exercise control through financial support and other forms of non-democratic influence. It may be the case that broadly based representation frequently co-exists with higher levels of economic development; however, as Snyder's analysis suggests, economic factors are primary, and it is they that determine the success and complexion of the democratic process rather than the converse. The time has come for forms of organisational adjustment more appropriate to a developing nation to be considered. These might incorporate models drawn from other nations within the Asia Pacific region. For example, serious consideration could be given to concentrating elements of fiscal policy in the hands of meritocratically appointed bureaucrats rather than elected officials.

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