

Is Papua New Guinea viable *with* customary land ownership?

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In the special *Pacific Economic Bulletin* issue on Papua New Guinea (Volume 19, Number 1, 2004) we argued that Papua New Guinea has failed to develop since independence, with shocking social consequences (Gosarevski, Hughes and Windybank 2004). The failure of palm oil exports to grow in line with market opportunities, the decline of other principal agricultural exports, and the failure of food supplies to urban areas have been responsible for much of Papua New Guinea's stagnation. In his reply to our paper in the subsequent issue (Fingleton 2004), Dr Fingleton does not dispute the facts we presented about agricultural production or consequent economic and social stagnation.

We argued, following successful as well as unsuccessful development experience, that Papua New Guinea's problems in large part stem from the denial of private property rights to agricultural producers. In his comment, Dr Fingleton does not give any examples of communal land ownership leading to rapid economic and social development anywhere in the world—for a good reason. There has been no such development.¹

Dr Fingleton nevertheless claims that we were 'verging on foolhardiness to describe the connections between communal or

individual titles on the one hand, and poverty or wealth on the other, in absolute terms' (p. 97). He bases his case on 'over 30 years of involvement in Papua New Guinea's land tenure issues, as a researcher, adviser to governments and development law consultant' (p. 97). He cites his other experience in the South Pacific where he also played a major role in line and advisory positions. Unfortunately, in spite of rich natural resources and their proximity to booming Asian markets, Pacific economies have been among the slowest growing in the world over the past 30 years.

Dr Fingleton contends that 'communal ownership in countries like Papua New Guinea should be seen as a form of private property rights, albeit that the rights are owned by a group rather than by individuals' (p. 97). Such fundamental confusion has prevented progress in the debate about the costs and benefits of communal ownership, on the one hand, and private property rights on the other. There is undoubtedly a difference between 'land tenure and land use', but it does not follow that differences in 'land tenure and land use' can be seen as 'a balance between group and individual rights' (p. 97). Differences between land tenure and land use limit investment

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and increases in productivity. Dr Fingleton gives no evidence that 'the traditional balance...can when necessary be shifted in the direction of strengthening the rights of individual group members and relaxing group controls, to allow for the new demands of modern living' (p. 97). Group ownership differs sharply from individual tenure; it does not permit individuals to be entrepreneurs; to plan, to work their land as they wish, to take risks, to use their land for collateral, to make a profit, save and invest. It is only this entrepreneurial process that achieves rising productivity and living standards.

Dr Fingleton refers to inept attempts at land reforms by British colonial administrators in Africa and in Melanesia. He could have added experience of failed land reforms in many other developing countries. By drawing on the much broader literature that analyses the reasons for land reform failures worldwide, he would have seen the reasons why reforms have often failed, but he would have also been able to identify the factors that have led to success.² The failure of inept land registration does not prove that land reform will necessarily fail. Where land reform has effectively led to individual land ownership or other forms of secure individual tenure, it has been successful in rapidly raising the living standards of rural communities. Not all landowners have retained their land, but living standards have risen for whole communities through jobs in off-farm work and towns, both of which high agricultural productivity makes possible. Richer communities are able to care better for the disadvantaged than poor communities. Nor is a sense of place, of community or nationhood dependent on land ownership. Most people in high-income countries do not own agricultural land.

Dr Fingleton favours the 'security' of communal land ownership and is concerned about the risks and costs of change. But the 'security' and 'communal welfare' of

traditional societies are at an abysmally low standard of living. And change can bring greater benefits than costs. Dr Fingleton quotes with approval a Food and Agriculture Organization (FAO) report that shares his views, to the point of claiming that '[t]here is as yet "little empirical evidence that individual titling results either in increased productivity or better access to credit"' (p. 98). This FAO finding denies the vast literature on land reform in Taiwan and the Republic of Korea where 'individual titling' of land has even been seen as the main source of rapid catching up with industrial economies. It ignores many other examples of successful land reform. It also ignores the more recent agricultural growth following China and Vietnam's introduction of 'individual responsibility'. China's agricultural productivity and production has, however, plateaued because the Communist Party continues to deny farmers freehold titles and thus more secure individual property rights.

Dr Fingleton also quotes with approval that the World Bank 'now recognises that "communal forms of tenure can be efficient and secure", and it is appropriate to give legal recognition to customary tenures and group-based land rights when security is better provided by traditional institutions than by the state itself' (p. 99). These views are unsupported by the World Bank's own or other research.

The FAO and the World Bank have become so strongly dependent on the support (or absence of virulent opposition) of humanitarian non-government organisations that both organisations have largely abandoned testable development hypotheses, empirical evidence and hence rational contestable debate. Unlike business organisations that must report to shareholders or national government organisations that come under parliamentary surveillance, these, and other international organisations and non-

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government organisations, are not accountable. While there is much talk of alleviating poverty, in practice development has taken a back seat to these organisations' quest for well-paid jobs and power.

Dr Fingleton wants customary land-owning groups to be recognised as the main forum where the greatest influences of modernisation are being played out—money, democracy, political influence, corporate power, exploitation, and, alas, corruption. In other words, capture of power and wealth through the perversion of traditional structures by 'big men' is not only tolerable but desirable, despite the corrosive effect this has on village society. The 'customary landowning groups' deny individual political rights, creating a 'Potemkin' democracy that allows gross political corruption. They deny individual economic rights so that the burden of work is put on girls and women. The aspirations of men for jobs and incomes are frustrated. The 'customary landowning groups' maintain a culture of violence, again notably against women. They are the ultimate cause of economic stagnation with its dire economic and social deprivation, again, notably for women.

To preserve such a society Fingleton argues for 'the traditional balance between group-based ownership of land and individual-based use of land' (p. 99). Again quoting FAO support for such a balance, he also claims that this was the conclusion of the 1973 Commission of Inquiry into Land Matters. Dr Fingleton agrees that no progress has been made with this 'balance' concept. A reasoned, contestable debate about land holding and land reform did not develop. Indeed, the University where such a debate should have flourished played a key role in preventing land reform legislation from being passed when students started a riot over the proposed reforms that led to four deaths.³

Dr Fingleton concludes that 'the way forward' is for land registrations for 'both

group and individual titles' (p. 99). But this is what our paper argued. Land reform would give land-owning communities a choice between individual land registration and communal ownership for those who preferred traditional land owning, instead of the present domination of communal land owning. He claims that this is 'what Papua New Guineans want' (p. 100), recognising the considerable existing demand for individual land ownership. Dr Fingleton points out correctly that a system of registered individual and communal land ownership would have three requirements: (i) support from landowners for registration; (ii) the 'need' (recognition?) that the time has come to replace the 'flexibility' of customary tenure with registered titles; and (iii) administrative capacity to introduce and maintain a system of registered titles. He does not explain why public officials, including expatriates and the expatriate advisors and consultants who have absorbed so much of Papua New Guinea's aid, have not been working toward these conditions over the past 30 years.

Dr Fingleton concludes by suggesting that part of Australia's Enhanced Cooperation Package should be deflected to 'institution-strengthening in the land groups area' (p. 101). Such a reduction of funding for policing, law and order and basic administration support hardly seems warranted by Dr Fingleton's contradictory arguments about individual and communal property rights or the current counterproductive activities of 'land groups'. The use of aid funds for such purposes would merely be likely to strengthen the current perversions of traditional rural social structures that have made rural life in Papua New Guinea poor and miserable. We have suggested (Hughes 2003), and would like to reiterate, that AusAID should welcome proposals for its mainstream funding programs from provinces that wish to undertake land reform to establish individual property rights. Such programs would have

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to be based on local initiatives. Funding would include the costs of land surveys, registration and arbitration procedures to settle disputes, contribution to the cost of improved infrastructure to move goods to markets, power and water supply and effective schooling and health services. It would be dependent on local, provincial and central government guarantees of security. It would eschew the employment of expatriate consultants who have contributed to Papua New Guinea's lack of growth and development.

Notes

- ¹ Gwartney and Lawson (2003) draw attention to the linkage between private property rights and living standards, the rate of economic growth, life expectancy and the ratio of income retained by the poorest 10 per cent of the population.
- ² A considerable literature on failed land reforms pays particular attention to failures due to foreign advisors. Bethell (1998), gives some telling examples of land reforms that failed because they were introduced by inept foreign advisors working in line positions in developing countries.
- ³ Dr Fingleton ascribes this attempt at reform to the World Bank. The World Bank made some effort to stimulate a debate on land reform in Papua New Guinea with its first palm oil loan, but its efforts were spasmodic and were undermined by non-government organisations and by former World Bank staff members who became 'advisors' to Papua New Guinea governments.

References

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