

ECONOMIC AND SECURITY CHALLENGES FACING PAPUA NEW GINEA AND THE ISLAND STATES OF THE SOUTHWEST PACIFIC

Submission to the Senate Standing Committee on Foreign Affairs, Defence and Trade Inquiry

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INTRODUCTION

Poverty by itself does not cause civil war – mass youth unemployment does.¹

The basic economic and security challenge facing Papua New Guinea and the Pacific Island states stems from a single source: the presence of some one million unemployed and underemployed young men across the region, of whom close to 700,000 are in are in Papua New Guinea.

As the submission from the Fijian High Commission states: “Unemployment and under-employment in the South Pacific are now security issues not only for the island economies but also for the region as a whole and would pose major security challenges for Australia as a regional player”(para 2.3).

This is why, common humanity apart, Australia needs to take a strong interest in the failure of economic development in Papua New Guinea and the island states of the Southwest pacific.

In PNG alone, up to 7 out of 10 new entrants to the labour force fail to be absorbed into the monetized economy². The unresolved tragedy is that most people living in PNG are distressingly poor but PNG is very far from being a poor country having excellent mineral and agricultural resources and a relatively small population. The current global economic crisis will only serve to exacerbate this problem.

¹ For the general case see Henrik Urdal 2004 ‘The Devil in the Demographics: The effect of Youth Bulges on Domestic Armed Conflicts, 1950-2000’ *World Bank Social Development Papers* , and for the Pacific case see Helen Ware 2005 “Demography, Migration and Conflict in the Pacific.’ *Journal of Peace Research* 42 (4): 435-454.

² It is not generally known that youth unemployment is one of the indicators used in the measurement of the achievement of the UN Millennium Development Goals (see Goal 8). The problem is that Pacific Island countries cannot collect this data on a regular basis and so trends cannot be monitored.

As the Submissions to this Inquiry demonstrate, there are many areas where there is agreement. Firstly, there is a broad agreement that Papua New Guinea and the island states of the southwest Pacific face grave economic difficulties which are harmful to their populations and which can all too easily translate into civil unrest. Whilst Melanesia clearly faces greater problems than Polynesia, the riots in Tonga in 2006 demonstrate that Polynesia is not immune to violent civil unrest. Polynesia, despite very limited land resources, has the advantage of individual countries which are not ethnically divided, higher education levels, and a long-standing tradition of emigration and the sending home of remittances to support those who have stayed behind and to educate the young so that they can continue the tradition.

There is general agreement that the problems to be addressed include:

- Lack of economic growth
- Unemployment/underemployment
- Poor and possibly declining levels of education/training
- Cultural breakdowns in which the customary means of maintaining law and order have been significantly weakened but often have not been replaced by renewed mechanisms which allow a voice to youth and to women
- Climate change/sea level rise

There is also considerable agreement as to some of the potential solutions.

- Primary education: Universal quality primary education is seen as the foundation for any progress as well as being a human right for all children. Melanesia lags behind Polynesia largely because of its education deficits.
- Beyond primary education, training which makes youths able to earn their own livelihoods or be employable is crucial. Today, even rural and remote islanders urgently need access to some cash income as well as subsistence. Realism is needed in promoting small scale private sector activities and microfinance. Laws which restrain informal sector economic activities need to be reviewed – frequently they operate mainly as a grounds for demanding bribes by police and other officials. Even so, where family bonds are still very strong it is often difficult for islanders to run small businesses in their own areas because of the continuing expectation of sharing. Asian mini-entrepreneurs who avoid this constraint and flourish in the islands are understandably unpopular.
- Whilst tourism and mining can deliver benefits, most people are engaged in working in agriculture and therefore a focus on agricultural investment for local consumption/export can deliver the most benefits to the greatest number of potentially dissatisfied citizens.

- At the same time, because disaffected young men congregate and are unemployed congregating on street corners in urban centres, the poor areas of the towns also need to be a focus.
- Whilst the recently announced Pacific Guest Worker Scheme sets a good precedent, its impact whilst desirable can only be limited for as long as only a small proportion of islanders from any one country are involved. It can never be highly significant for the more populous islands.

AREAS OF DISAGREEMENT

LAND

- Land disputes are already responsible for at least a third of all violence in the Pacific islands.
- With regard to development and economic advance, the debate is between those who believe that converting group property rights in land supported by customary law to State-sponsored individual property rights is a pre-condition for development / and those who argue that Land tenure conversion .. is neither a necessary nor a sufficient condition for growth (Millett Submission number21).
- From a security point of view, changing customary group property rights without the full and informed consent of all of those affected is recipe for violent reaction. Also it risks creating a new class of landless, hungry, rural poor and would especially disadvantage women and children. AusAID's nuanced approach, as reflected in the two volume 2008 publication *Making Land Work*, demonstrates an understanding that imposed Western models are only going to exacerbate existing conflicts.
- The goal should be to avoid ideology and focus on developing appropriate leasing/renting provisions where needed especially in towns. It is necessary and possible to develop systems for lending money to rural families without requiring that they put up their land/ food supply as security.

AUSTRALIA'S ROLE

- Opinions vary as to how proactive and engaged Australia should be.
- Most Australians would probably accept that we have some form of moral obligation to ensure that our neighbours (especially neighbouring children) do not starve, die of easily preventable diseases or never learn to read.

- At the same time, our neighbours live in sovereign countries and we should not and cannot tell people what to do. What we can do is to offer advice as to how to achieve the goals which the islanders themselves have chosen. We should do far more to offer alternatives with their pros and cons rather than single minded prescriptions.

GOVERNANCE

- Lecturing our neighbours about good governance is a thankless task and unlikely to produce meaningful results in the desired direction. We need to build on local desires for the fair sharing of benefits and on what people themselves want to learn. If you ask Islanders why they continue to vote for politicians whom they know to be corrupt, they do not deny the corruption, they explain that they expect their family or village to draw a benefit from that corruption which they could not otherwise obtain. Getting services out to the villages may well come before fighting corruption. If we really want to demonstrate transparency we should present each village council with a white board with this year's budget for the school and health clinic painted across the top (as happens in some areas of Indonesia). We should also consider what can be done to empower villagers to get the services to which they are entitled.
- It is not enough to tell people that good governance will eventually deliver the cargo. We need to be able to demonstrate concrete results eg. where getting rid of corruption in the Customs department has raised revenues by 30%. If an individual goes off on a course, however good the course or motivated the individual, they are never going to be able to change the system by themselves. If Ministers are corrupt it is hard to expect public servants to remain blameless.
- We also need to consider the importance of media. We have promoted systems where education departments have to pay for radio time for school broadcasts – thereby contributing to a decline in the standard of spoken English and cutting off a route for school children and their teachers to learn about governance.

RUNNING COSTS

- We need to think long and hard about providing running costs – a health post without a nurse and drugs is useless. Beyond government to government arrangements, could it also be possible to have an 'adopt a clinic/school' scheme whereby a church, school or other group in Australia could adopt a specific clinic/school in Melanesia and get tax deductability and some local guarantee of accountability in return for a five year commitment. This would build the vital people to people links which are so essential to Australia having good relations across the region.

- All of Melanesia stands in serious need of basic infrastructure from roads and bridges to schools and health clinics. Governments need to look at how to build these using a maximum of local labour not massive machines. Locals will then have the training to mend the infrastructure – although they will need to be paid some cash to do so.

DUAL PURPOSE INTERVENTIONS

- If Australia is going to have troops long term in a neighbouring country, in order to avoid out-staying their welcome and being perceived as fat neo-colonial enforcers, they should be required and funded to contribute to the infrastructure of that country and to train locals in that work.
- Twenty years after they have gone, the Australian wharf /communication tower will still stand as a testimony to a genuine concern for local needs.
- Australian Police who go in country are often fully occupied, but we should also consider how valuable linkages which have been developed can be maintained after they come home.

INTERNSHIPS

- There is much value in Pacific islanders experiencing internships in Australian institutions comparable to those where they work at home. Where the islanders come from small places this may well mean getting experience at a local government level and such mentoring will need organising and funding with defined objectives set out in advance. This delivers practical benefits and again builds links.

STUDENTS STUDYING THEIR OWN REGION

- At the University of New England our Pacific island students study their own countries. In my School we have island students studying governance in Kiribati and peace education in the Solomon Islands. Where post-graduate students will be spending a period of years in Australia there should be scope for short term internships with government departments etc. relevant to their studies and future or actual employment.
- Formerly far more Australians had experience of working in PNG and the islands as missionaries, teachers and administrators. Now we need to make a conscious effort to redress an imbalance in which there are far more Australian academics with an interest in Timor Leste than in either Papua New Guinea or the Pacific islands.

GLOBAL WARMING/SEA LEVEL RISE

- The question of the impact of global warming on the region would merit an enquiry of its own. However, if the Australian government is ready to accept that ultimately we will be prepared to take in environmental refugees from the atoll nations of our region, then we should be willing to say so and be beginning to make preparations in terms of establishing educational and training links now. Once again, people to people, church to church, TAFE to TAFE, Rotary to Rotary linkages are extremely valuable and get away from the elite to elite links which so often characterise our relationships with the region.

REGIONAL ORGANISATIONS

Both the Pacific Islands Forum and the Secretariat of the Pacific Community have a very low profile in Australia. I use the statistics provided online by the SPC in both my research and my teaching. Their existing links to reports relating to individual countries are useful – it would be good to have more of them. Donors could help by making their reports accessible via the SPC site.