



INNOVATIONS FOR SUCCESSFUL SOCIETIES

DECENTRALIZATION WITHOUT DISINTEGRATION: PROVINCIAL GOVERNMENT IN PAPUA NEW GUINEA, 1972-1985

SYNOPSIS

Papua New Guinea decentralized power to newly formed provincial governments shortly after declaring independence from Australia in 1975. The process was driven largely by demands for increased autonomy for Bougainville, the most distant of PNG's island provinces and home to what was then one of the world's most lucrative copper mines. The central government sought to keep the island part of PNG by satisfying Bougainvilleans' desire for a greater degree of self-rule without devolving so much power that outright secession seemed feasible. The resulting system of decentralization grew out of this political compromise. Implementation proved difficult, especially when an unforeseen competition developed between the national Parliament and provincial governments. Nevertheless, the highly problematic process of decentralization allowed PNG to preserve its territorial integrity over the crucial first decade of its existence—no small feat for one of the world's most ethnically diverse countries.

Matthew Devlin drafted this policy note on the basis of interviews conducted in Papua New Guinea during March and April 2010. A separate memo, "[Provincial Secessionists and Decentralization](#)," deals with decentralization in PNG from 1985 to 1995.

INTRODUCTION

In late 1972, Chief Minister Michael Somare arrived on Bougainville, the easternmost island in Papua New Guinea's archipelago. A hero of the anti-colonial movement, Somare led a transitional government that was on the verge of securing PNG's independence from Australian rule.

Little of that, however, mattered to the Bougainvilleans who had gathered to receive him. Two of their kinsmen, both high-ranking civil servants, had just been lynched back on the mainland after their car struck and killed a child.

Many Bougainvilleans saw this as the final, insufferable chapter in a history of discrimination and exploitation by mainlanders. Leo Hannett, a firebrand separatist who led the crowds confronting Somare, insisted that an independent PNG that remained overly centralized would be "just as bad as being forever in the clutches of Canberra."

Somare was unable to quell the dissent. As he later wrote in his autobiography: "I heard everywhere the same calls for secession. ... In the face of this discontent, I felt it unwise and

damaging to my nation-building aims to hammer the line that unity is good. I told Bougainvilleans that I believed the status quo could not be continued and that they should make every effort to work out alternatives for the island's future."¹ The only alternative Hannett and his colleagues would consider, apart from secession, was a wide-ranging devolution of power from the national government to the island. Thus, at the same time that Somare was struggling to build the core of his nascent state, the islanders were pressing him to divide up its already limited resources.

As Somare pondered his options on the flight back to the mainland, his plane passed over a unique country. PNG lies just off the northern coast of Australia in the southwestern Pacific Ocean. The country's mainland consists of coastal lowlands and a rugged mountainous interior. An arc of four major islands stretches eastward, while approximately 1,400 smaller islands lie scattered throughout PNG's territory. Geographic and cultural diversity go hand in hand, and the country is home to more than 850 distinct linguistic groups, few of which have much in common. Charles Lepani, head of PNG's national planning office at the time of independence, reflected that even 35 years later, "This nebulous concept called 'Papua New Guinea' is a Western, new concept that we're still working to absorb and make a part of us."

All of what would become PNG was under Australian colonial rule by the end of World War I. Australia administered the territory through a highly centralized system based in Port Moresby and, ultimately, Canberra. By the early 1970s, however, public opinion in both Australia and PNG was increasingly in favor of decolonization. Following elections in 1972, Somare formed the first indigenous-led government and cobbled together a diverse coalition in support of speedy progress toward independence.

When Somare took office, it was clear that Australian rule was coming to an end. However, as his reception on Bougainville had

demonstrated, whether a unified PNG would emerge was far less certain. The aspirations of some Papua New Guineans clearly did not end with independence. Lepani recalled, "Not everybody felt a Papua New Guinean. We were proud of achieving independence, the fight against Australia's colonial administration, but to have a nation per se, and its sovereign rights moving forward, that's a different issue." Ardent supporters of independence from Canberra soon became vocal champions of looser ties to Port Moresby. For many, national independence was seen as simply the first step toward far greater provincial autonomy.

THE CHALLENGE

The main challenge facing Somare's government in 1972 was to keep PNG intact through independence and beyond. Allowing Hannett and his fellow islanders to break away was simply not an option: While Bougainville's population amounted to only 90,000 of PNG's 2.5 million people, the island was home to one of the world's most lucrative copper mines. The mine was the national government's most important source of revenue, and losing it would be catastrophic for the newly independent state. Boyamo Sali, a cabinet member from 1972 to 1980 who held the portfolios of local government, commerce and lands and natural resources, stressed the leverage the mine gave Bougainville: "It was the only mine we had. ... I mean, you want to talk about national revenue? It was simply the only basis we had."

Somare inherited the strained relations with Bougainville. Besides being geographically distant (the island lies more than 800 kilometers off the mainland), Bougainville was distinct culturally and racially, with darker-skinned Bougainvilleans sometimes referring derogatively to mainlanders as "redskins." Islanders believed they bore the environmental impact of the copper mine, claiming that its waste products contaminated their rivers and coastal fishing grounds. They also

complained that they saw few jobs or royalties from the mine. In 1971, Bougainville's representatives in the national Parliament had moved unsuccessfully for a referendum on the island's independence. By the time the 1972 lynchings occurred, public opinion was primed to swing sharply toward autonomy—by decentralization if possible, by secession if necessary.

Somare had seen the depth of Bougainvillean antipathy firsthand, and he recognized that the islanders would not be satisfied by anything short of genuine power sharing. Yet he and his cabinet were aware that decentralizing too much power could embolden the separatists rather than placate them.

Rabbie Namaliu, another top civil servant and chief of staff to Somare at the time of independence, recalled that many of the cabinet ministers “didn't accept decentralization because they felt that it was a first step to giving provinces the opportunity to then decide whether to go it alone.”

Somare's challenge was to strike a delicate balance: Gather the reins of power too tightly, and the country might rip apart; let them go slack, and the archipelago would drift just as surely, if more slowly, toward the same fate.

Somare and his ministers also were working under severe time constraints. Although full independence was still more than two years off, events on Bougainville had already forced the national government to bargain away some of its powers. As Sali, the longtime cabinet member put it, “We were talking about different decentralizations [when] we had not even yet confirmed the type of constitution we had to develop.”

Independence placed extremely high demands on PNG's first generation of politicians. Julius Chan, then Somare's finance minister and a future prime minister himself, had been educated in Australia and was a highly successful businessman. Nevertheless, he and his colleagues

in the cabinet had no experience in national office. As Chan remembered, “Government was a totally new object, a completely new world.” The learning curve was even steeper for those members of Parliament who had little or no formal education and, in some cases, were unable to read the legislation that they had to vote on.

FRAMING A RESPONSE

The debate over decentralization took shape between 1972 and 1974. The main negotiations involved three key institutions. The first was the Office of the Chief Minister. This included Somare and a group of close advisers, such as Namaliu. Somare himself was firmly committed to decentralization—of a particular sort. Steeped in the anti-colonial struggle, the chief minister was committed to delivering responsive, participatory and effective government to his citizens. However, in sharp contrast to his eager push for independence, Somare believed that decentralization had to be limited and gradual, for fear that the rush of newfound power might tempt decentralists toward outright secession. The process would have to be incremental, appropriate to a new country whose resources and administrative capacities were humble and whose sense of national identity was fragile.

The second key institution was the Constitutional Planning Committee (CPC), a parliamentary committee established in June of 1972 to come up with a draft constitution in time for independence. Somare made John Momis, a leading Bougainvillean MP, the CPC's de facto chairman. Momis was a committed nationalist, though he also was a passionate advocate for an extreme degree of decentralization and was prepared to support secession if that was what his island constituents wanted.

While the CPC was charged with drafting an entire constitution, the issue of decentralization was immediately recognized as a priority. The only sub-national governments inherited from Australian rule were local village councils, none of

which held significant powers. The committee rejected suggestions to devolve power to this lowest tier, arguing that adequate administrative skills were simply not available at the grassroots level. At the other extreme, the committee dismissed calls to create three or four large federal units, pointing to Nigeria's experience of civil war as a cautionary testament to federalism's potentially divisive effects. Instead, the committee settled on the existing 18 administrative districts that were used by Australian patrol officers to divvy up their responsibilities. The committee favored the districts, soon to be renamed provinces, because supporting infrastructure was in place and people had already begun to build some sense of identity based around their home districts.

The third key institution in the negotiations over decentralization was the extra-parliamentary Bougainville Special Political Committee (BSPC). In early 1973, Somare asked Hannett, the leading ideologue of Bougainvillean secession, to chair this committee of 36 local political leaders from the island. The BSPC was to convene consultative meetings throughout the island in order to gauge popular opinion on the political future of Bougainville. It would present its findings to Momis' CPC.

According to Momis, Somare took a calculated risk by creating the BSPC and choosing Hannett as its chairman. The BSPC had a high-enough profile to ensure that all segments of Bougainville wanted to be represented on it, thereby mobilizing moderates who otherwise might have lacked the enthusiasm, or at least the visibility, of the radicals. Also, by naming Hannett chairman, Somare ensured that Bougainville's more extreme activists were drawn into a debate on the details of decentralization rather than an argument over autonomy. From the point of view of the national government, former minister Sali recalled, bringing in Hannett was also essential because the Bougainvillean ministers in the national cabinet had begun to lose

credibility on the island, where Hannett was attacking them as "licking the boots of Konedobu," the colonial administration's headquarters.

With Momis leading the CPC and Hannett in charge of the BSPC, Bougainville had emerged as the central counterpart to the national government in the debate over decentralization. The islanders were the most vocal proponents of provincial autonomy and had the most leverage. "Bougainville was a pioneer leading the country on decentralization," Lepani said.

In July 1974, the CPC delivered a final report that recommended a far more sweeping transfer of powers to provincial governments than Somare wanted. Furthermore, the committee insisted that an explicit guarantee of provincial government should be entrenched in a constitutional article. Somare countered with a white paper of his own. In it, he supported the principle of provincial government but criticized the committee for advocating a concentration of power at the provincial level that would strangle local-level government—the village councils that were the most meaningful state institution for the 82% of the population that lived in isolated rural areas. Somare reiterated his insistence that decentralization should be fluid, iterative and accomplished in stages. Including the specifics of decentralization in the constitution, he argued, would make any subsequent adjustments extremely difficult. Cabinet ministers and high-level civil servants raised warnings about the expense of adding another tier of administration to a cash-strapped government, and they highlighted the problems inherent in dispersing the country's limited administrative skills.

Momis and his CPC colleagues were unimpressed. "The white paper," recalled Momis, "was about what I would call a mere delegation of government power, whereas our position was actually decentralizing and giving a certain measure of autonomy." For example, Momis said, the CPC wanted elections to decide provincial

leaders, while the national cabinet wanted to appoint them.

Somare and his ministers confronted the CPC and its supporters in a series of impassioned parliamentary debates. However, developments on Bougainville again intervened. While Somare and the CPC were wrapped up in debates, Hannett and his fellow islanders had built a de facto provincial administration on Bougainville, the expectantly-named Bougainville Interim Provincial Government. In May 1975, ongoing negotiations over the distribution of copper revenue broke down between the national government and the Bougainvilleans. The Bougainvilleans, increasingly confident, presented Somare with a series of ultimatums.

For Somare, the islanders were moving too quickly. At the end of July, he moved in Parliament to strike all reference to provincial government from the draft constitution. As Namaliu remembered it, “There was a view that [decentralization] hadn’t been thought through properly enough, that it needed to be further discussed.” The motion passed, pulling the rug out from under the entire white paper/CPC debate; there would simply be no constitutional provision for decentralization. Looking back, Namaliu conceded an element of impulsiveness in the vote: “In a situation where you’re dealing with real politics ... sometimes because you have to make a decision, you know, a decision is made without thinking through all the implications thoroughly.”

The Bougainvilleans were furious. At this point, according to Hannett, secession “became seen as the only way out.” The island issued a declaration of independence as the Republic of North Solomons on the first of September, and Momis and his fellow Bougainvilleans flew home from Port Moresby. Two weeks later, PNG declared its own independence from Australia. As feared, the issue of decentralization had divided PNG before the country even formally existed.

GETTING DOWN TO WORK

With his country seemingly breaking apart, Somare nevertheless reacted calmly, instructing the national police on Bougainville to act with extreme restraint. By January 1976, Bougainvilleans were tearing up airstrips on the island and attacking central-government buildings. Despite pressure in the cabinet and among military leaders for Somare to take decisive action, he still refused.

Instead, Somare sent Namaliu to negotiate with the Bougainvilleans. The more hawkish members of the cabinet pressured the two men to adopt a divide-and-conquer approach by selectively releasing funds to loyalist local village councils on the island. Namaliu, however, dismissed the tactic as simplistic, reasoning that exacerbating internal conflict on Bougainville was hardly the best way to reach a lasting settlement. Instead, Namaliu negotiated directly with Hannett, a former university colleague with whom he got along well.

Talks culminated in the Bougainville Agreement in August 1976. Having been faced with the realities of the secession, the national government was prepared to make significant concessions. Somare agreed to amend the constitution to provide for provincial government, as originally recommended by the CPC. However, a middle ground of sorts was reached, in that the specific powers and functions of provincial governments were to be listed in an organic law rather than the constitution. Momis recalled this arrangement as a useful compromise. From the Bougainvilleans’ point of view, “it was not just an ordinary law that can be changed easily,” he said. But at the same time, “it was acceptable to the centralists because it doesn’t have the same strength as the constitution.” The law would also require periodic review of the entire provincial government system.

In August 1976, Parliament approved the constitutional amendment providing for provincial

governments. The Organic Law on Provincial Government enumerating provinces' structure and powers came into effect in April 1977. Although the Bougainville Agreement had been specifically targeted to appease the island, the subsequent constitutional amendment and organic law applied to all provinces equally.

The decision to universalize decentralization later would prove to be problematic. At this point though, the national cabinet refused to treat the island as a special case and instead insisted on universalizing any privilege granted to Bougainville across all other provinces, regardless of their individual levels of development or the depth of their desire for self-government. To let Bougainville emerge as an exception, the cabinet believed, would perpetuate a sense of uniqueness that could fuel future secessionism. The official vision of countrywide decentralized government was now enshrined in law, pegged to the demands of Bougainville. Lepani summed up how Bougainville came to overshadow the entire debate over decentralization: "Bougainville held us at ransom [and forced us] to focus on it more and start looking at decentralization in a more pressured, negative way."

Creating provincial government

Somare, Namaliu and their colleagues had pledged to establish provincial governments during the negotiations with the Bougainvilleans. Unanswered questions surrounded how these new governments would be structured and what powers they would have.

Under the organic law, provincial governments mirrored that of the national Westminster-style system, with a single provincial premier who picked a cabinet from among the elected provincial assembly. Assemblies varied in size, but usually numbered between 20 and 40 members. Provincial premiers would often have cabinets numbering half of the entire assembly; because political parties in PNG were weak, the only way for a premier to stave off a vote of no-

confidence was to bring as many people into his cabinet as possible. Between the dozens of seats and the high probability of a cabinet portfolio, the new assemblies held the promise of significant patronage and prestige for provincial elites.

The organic law also stipulated that provincial assemblies would be chosen by popular vote in direct elections. The provinces would therefore have complete say in electing their own representatives, free from any appointments from Port Moresby. Until elections could be held, however, interim indirectly elected governments would run the provinces. Some of these interim governments succeeded in delaying elections and extending their own tenures for more than three years. The new system thus offered provincial elites the promise of greatly increased power and a transition period during which they could shore up their positions ahead of competitive elections.

Having defined the structure of provincial assemblies, the law went on to enumerate the legislative powers that the national government was obliged to cede to the provinces. The law created explicit provincial powers—issues on which the national Parliament could not legislate. Among these were control over village schools, village courts and, most important, local government.

The national government's willingness to grant provincial assemblies power over local government was a major concession because it meant that the national government could not leap-frog the provinces and implement its policies directly at the village level. Similarly, it meant that assemblies could limit the powers of village leaders who might emerge as challengers for incumbents' provincial seats. Unsurprisingly, many provincial assemblies starved their local-level counterparts of resources.

The organic law also set some limits on provincial assemblies' influence. As Somare had learned from his experience with the unchecked growth of Hannett's ad hoc Bougainvillean administration, allowing provinces to build too

much autonomous momentum could exacerbate rather than placate separatist sentiments.

First, the law was explicit that, while the provinces had their set of exclusive powers, some areas of legislation were reserved for the national government, such as defense, foreign affairs and trade. Second, and more important, the law established a third and much larger category of concurrent powers. While provinces were free to legislate on concurrent issues, national law took precedence. Examples of the more important concurrent fields were agriculture, health, public works and transport.

The national government framed concurrency as another major decentralization of authority. After all, provinces were free to legislate on anything not explicitly covered by national legislation. In reality, however, concurrency proved to be far less of a concession than it at first appeared. Utula Samana, premier of PNG's most populous province, Morobe, from 1980 to 1987, recalled that concurrency "was problematic in terms of implementation. Provinces didn't know how to apply it."

Barely anyone in the provincial assemblies had experience with legislation; many had no formal education, and a significant number were unable to read or write. Some provinces were uncertain about which powers were reserved for the national government; in July 1979 one provincial premier was jailed for attempting to set up his own police force.² Provincial assemblies had difficulties determining whether a particular issue fell under provincial powers or was in fact a concurrent power. Even if the issue was identified as concurrent, it was then an entirely new process to discover whether any existing, overriding national legislation existed on the issue. When provinces were finally prepared to legislate, they struggled to find skilled legal draftsmen capable of drawing up the documents. As a result, few provincial assemblies passed any legislation at all.

In a far more overt check to provincial power, the law also stipulated that the national

Parliament could override any provincial legislation if it decided that doing so would be in the public interest. The provinces accepted this provision for two main reasons. First, there was little sense of unity among the provinces: New Guinean islanders thought it very possible, if not a certainty, that Papuan mainlanders might abuse their newfound powers, and vice versa. Second, and more important, provinces still had great faith in the national Parliament as a buffer against a centralist cabinet. After all, the parliamentarians of Momis' Constitutional Planning Committee had been some of the most vocal and consistent advocates of decentralization.

In fact, the national Parliament soon emerged as the greatest opponent of provincial power. National parliamentarians, ensconced in Port Moresby, found that provincial assemblymen were much more visible to constituencies back in the provinces and were delivering more of the services voters valued most. John Nilkare, minister for decentralization in the early 1980s, remembered: "The glory of building a school, of fixing an aid post, was now going to go to the provincial politicians, not the MPs as before."

As feared by many members of Parliament, provincial politicians used their rising profiles to compete for national office. Samana, the Morobe provincial premier, went on to become a national parliamentarian. "With more provincial government here, I handled more power, I had more influence," Samana recalled. "So I was elected to the national level." This was exactly the situation incumbent parliamentarians hoped to avoid, and so they, as a group, adopted an adversarial approach to their provincial counterparts.

As the division of legislative powers turned out to favor the national government, so too did the system of intergovernmental relations. The organic law established a Premiers' Council to act as a forum for the resolution of disputes between the national government and the provinces. The council was made up of all provincial premiers, the

prime minister, the minister of finance and the minister for decentralization. The idea behind its establishment was to create a forum in which disputes could be resolved without recourse to the courts, thus preserving some flexibility in the system.

The council did not live up to expectations. Premiers involved in it agreed on the reasons: The council met only once a year; few cabinet members attended meetings, except for those who were required to do so; and, most important, the organic law was mute as to whether the national cabinet was obliged to enforce the council's resolutions. As a result, ministers rarely bothered to follow up on the body's edicts.

OVERCOMING OBSTACLES

If the central government devolved authority without financial resources, decentralization would be a meaningless gesture. The organic law's definition of what financial decentralization looked like was therefore highly important. According to the law, a province with full financial control received fiscal transfers from the central government in several forms. For example, Port Moresby was obliged to remit proceeds from vehicle registrations and natural-resource royalties.

The overwhelming bulk of the transfer, however, was in the form of an "unconditional grant," an amount calculated to cover the cost of providing the same services that the central government had carried out in fiscal year 1976-77. For example, if the central government had built six roads in a province in fiscal year 1976-77, it would transfer whatever the cost of building six roads might be each year thereafter.

Because unconditional grants made no allowance for either population growth or improvement of services, service provision was effectively frozen at 1976-77 levels. Provinces that assumed responsibility for activities that the national government did not carry out in fiscal

year 1976-77 received no funding for such work. In several provinces these unfunded responsibilities were significant.

The law provided for an "additional unconditional grant" to redress the imbalances that would emerge over time as populations grew. The additional grant would also address inter-provincial discrepancies by favoring the most underdeveloped provinces. The law established an independent National Fiscal Commission to advise the central government on the distribution of this extraordinary funding to the provinces. While the council's members managed to maintain a reputation for not favoring their home provinces, they lacked expertise and were seen by many provincial premiers as overly accommodating to Chan, the avowedly centrist minister of finance who, more than three decades later, still maintained that granting provinces any more resources than he absolutely had to would have been "very, very costly ... [because] we just did not have qualified, experienced [provincial] politicians able to usurp and exercise those powers at that time."

Because the law did not specify the amount of the additional grants, the national government underfunded them significantly, and by 1985 the fiscal commission was largely defunct. "It started out with so many millions but ended with nothing," recalled Samana, the premier of Morobe. Despite the system's flaws, provinces like Bougainville accepted this financial decentralization. After all, had the system been implemented as planned, the fiscal commission's additional grants would have balanced out the shortfalls in provinces' minimum unconditional grants. Context is important in understanding why provincial leaders thought that this would indeed happen (or at least why they were comfortable enough not to ponder the question too thoroughly): However convoluted the transfer system may have been, the amounts of money being promised to the provinces were

unprecedented. First-generation politicians were ready to seize the opportunity and worry later about fine-tuning the system.

While the national government succeeded in stripping financial decentralization of much of its meaning, it also succeeded in significantly delaying the process in most provinces by arguing that provinces had little capacity for financial responsibilities. Provincial politicians could hardly dispute this, given that primary education, let alone financial-planning skills, was rare in most areas outside the capital. The Premiers' Council therefore passed a resolution that full financial control would not be decentralized until each province met certain criteria. These criteria mostly involved demonstrating sufficient accounting and planning skills, though approval ultimately hinged on the personal sign-off of both the minister of finance and the minister for decentralization. At first, only Bougainville met the requirements.

The Department of Finance's strict enforcement of the criteria was a legitimate response to the low levels of financial-management skills in the provinces. However, both the national department and higher-level civil servants in the provinces soon exploited that original rationale. Central department officials in the capital dragged their feet in providing training to provincial counterparts, perpetuating the situation that originally gave them an excuse to hang on to power. Civil servants who were part of the process similarly had incentives to delay the transfer of financial controls, as they had more influence over budgeting decisions back in their home ministries than among provincial assemblymen, many of whom they looked down upon as uneducated or incompetent. As Chan more guardedly put it, "We were actually bringing them into a new world ... trying to catch up with the rest of the world in a lifetime."

For several reasons, provincial assemblies were often willing participants in the delay. First, they could not really argue with the fact that they

lacked capacities. Even on Bougainville, which immediately met the Premiers' Council criteria, Hannett recalled that "we had the list of financial powers and taxations that were given to us ... by the national government, but the corresponding measure of trained personnel was always a little less. ... We were being continually humbled."

Second, in the interim all provincial governments, regardless of capacities, were nevertheless given small but politically useful funds, such as those for rural roads, capital works and maintenance. A delay of full financial control did not necessarily mean a delay in patronage.

Third, because of the way in which the minimum unconditional grant was pegged to the base year of 1976-77 and the difficulty of securing any additional funding through the moribund National Fiscal Commission, uncertified provinces stood to receive significantly more funding (albeit with far less say over how it was spent) than they would if they had financial control.

As a result of all these factors, it was not until the late 1980s that the last of the provinces received full financial control.

ASSESSING RESULTS

PNG's decentralization took place in different provinces at different speeds. The whole process, according to Lepani, was "very fluid, experimentally so." Nevertheless, by 1985, 10 years after independence and Bougainville's short-lived secession, the flaws in decentralization were plain to see.

Much of the system's problems stemmed from an imprecise legal framework, the organic law. Loose wording and an over-reliance on vague provisions for future adjustments had served important purposes in the late 1970s, when reaching a quick political compromise was the top priority. One Australian observer involved in PNG's independence-era politics described it this way: "Did the Bougainvilleans know what they were getting? Up to a point. Did the national

government know what it was giving? Up to a point.”

By 1985, however, nearly a decade of experience had brought decentralization’s inherent problems into sharp focus. The Premiers’ Council and the National Fiscal Commission quickly lost relevance because they had no coercive authority. A vague framework that may have been expedient in the near term proved to be a major obstacle to effective implementation because of a lack of robust mechanisms capable of resolving the disputes that inevitably arose.

The greatest single problem that emerged, however, was one that received scant attention in the early years: the increasingly adversarial relationship between national parliamentarians and the provincial assemblies. PNG’s system of decentralization assumed that Parliament would referee the expected tug-of-war between a centralist national cabinet and assertive provincial assemblies. Instead, parliamentarians, as a group, became some of the most impassioned partisans of increased centralism.

The most immediate casualty of this unforeseen development was the organic law’s review clause. Although the organic law called for a periodic review of the system, it entrusted the task to the national Parliament, again reflecting the belief that Parliament was the guardian of the balance between the national cabinet and the provinces. Provincial politicians, for their part, took great comfort in the belief that any problems could therefore be ironed out at a later time. Looking back on why Bougainville and some other provinces were prepared to tolerate the obvious shortcomings of the financial-decentralization system, Lepani stressed the importance of this provision for review: “These things were to be reviewed, you see? The National Fiscal Commission, its allocations, distribution, minimum unconditional grants—that was always to be reviewed.”

National parliamentarians, however, were increasingly aware that raising the amount of

resources transferred to provincial assemblies meant raising the level of services assemblymen could provide, which in turn meant raising the likelihood that provincial politicians would compete for national office. As a result, the national Parliament simply never launched a review. As Lepani recalled, “The national government began to say that reviewing it meant losing more power. ... So they just dragged their feet.” Thus, decentralization’s ultimate failsafe lost all meaning.

Parliament also went beyond simple obstructionism to actively compete against provincial assemblies. In 1980, parliamentarians voted themselves control over certain sets of funds, such as those for road construction, which they could then allocate within their home provinces with almost complete discretion. Parliamentarians argued that this was necessary in order to deliver desperately needed services directly to the public, skirting the red tape of bureaucracy. In reality, these funds were a way for national-level politicians to dispense patronage over the heads of their provincial competitors. Lambasted as “slush funds” by critics, these mushroomed as time went on.

Competition soon turned to confrontation. In another example of misplaced faith in Parliament as a fair arbiter, the organic law required the national cabinet to secure an absolute majority in Parliament in order to suspend a provincial government for misconduct. Once suspended, a province would be administered by the national cabinet until it could convince Parliament that it had enacted sufficient reforms. Given parliamentarians’ incentives, this quota was relatively easy to reach, and in 1983 Parliament even passed an amendment to the organic law that streamlined the suspension process. In 1984 the first province was suspended for financial mismanagement. That same year, Somare felt so confident in the depth of Parliament’s antipathy toward the provincial assemblies that he announced his intent to make a motion to abolish

provincial government outright, only backing down after provinces threatened secession. Nevertheless, from 1984 on, Parliament cooperated with the national cabinet to maintain a regular rhythm of provincial suspensions.

The issue of suspension, however, was not entirely due to Parliament's jealousies. Although some charges of provincial mismanagement were politically motivated, many were justified. This was in large part due to the national cabinet's original insistence that Bougainville should not be allowed to develop as an exception, and that powers should be decentralized to all provinces at the same time and to the same degree. In many provinces, however, the legal, financial and administrative capacities necessary to make a government work did not exist. The highly populated though extremely isolated Highland interior, for example, had made contact with the modern world only a few decades previously. Even Momis, Bougainville's longtime advocate for provincial autonomy, came out in favor of easing suspension criteria. The problem, Namaliu recalled, was that the policy of not allowing Bougainville to assume any unique powers meant that lesser developed provinces were essentially told, "Whether or not you like it, whether or not you have the capacity, this is what you will have. Make it work." "In retrospect," he reflected, "I think there's a case that perhaps we should not have gone down that path; we should have done it on a case-by-case basis."

PNG's decentralization was certainly highly problematic. But an accurate assessment of the results requires an understanding of the challenging circumstances. Decentralization took place amid the upheaval of decolonization in a resource-poor, ethnically diverse and geographically fragmented country. "The country most similar to PNG at independence was Zaire," said the Australian observer, referring to the sprawling African country that became known for its authoritarian central government and

repressive security apparatus with which it maintained its grip over a geographically and ethnically diverse land. "Look at PNG's fate over the next 20 years. It wasn't perfect, but neither was it Zaire." PNG's first generation of politicians also was constrained by a tight time frame. Without the pressures of Bougainville's impending secession, reflected Lepani, "I think we would have had a space to breathe, to be more consistent and more considerate, deliberative in our approach to decentralization."

Despite its shortcomings, PNG's decentralization had one overarching achievement: the maintenance of the new nation's territorial integrity. While creating a host of problems, the establishment of provincial government succeeded in keeping the country together. Namaliu, Somare's chief of staff at independence, went on to become prime minister in the late 1980s. In 2010, he had no doubts as to decentralization's role in maintaining a unified PNG. "I'm convinced now that it's helped to hold this country together," he said, "particularly at the most crucial times."

REFLECTIONS

Decentralization failed to head off the tensions that reemerged in the late 1980s and 1990s between PNG's center and its periphery. The country's experience with provincial government over the course of its first decade offers more cautionary lessons than exportable best practices.

That said, decentralization did succeed in keeping Bougainville a part of a unified PNG. It did this in large part by front-loading its benefits to the provinces, exploiting the initial point at which the provinces were newest to government and had the least capacity to absorb newfound powers. "Looking at things in hindsight, I think we were more or less duped into being made to feel that we were given some excessive powers, which, if we really had time to assess, ... we

would probably have gone out in an open fight with the national government,” said Leo Hannett of Bougainville.

One way in which the national government steered the Bougainvilleans away from that open fight stemmed from Chief Minister Michael Somare’s belief that that “one should prepare a feast for your enemies when they come to attack you.”³ Decentralization granted Bougainville expansive yet confusing latitude through concurrent legislative power, while coupling this with an immediate transfer of full financial control to the island without a transitional capacity-building phase.

As Hannett remembered it, “We had a sobering experience by being allowed to make use of the powers we had. ... All credit must go to Somare and some of those leaders in [Port Moresby] at the time. I think they played a real

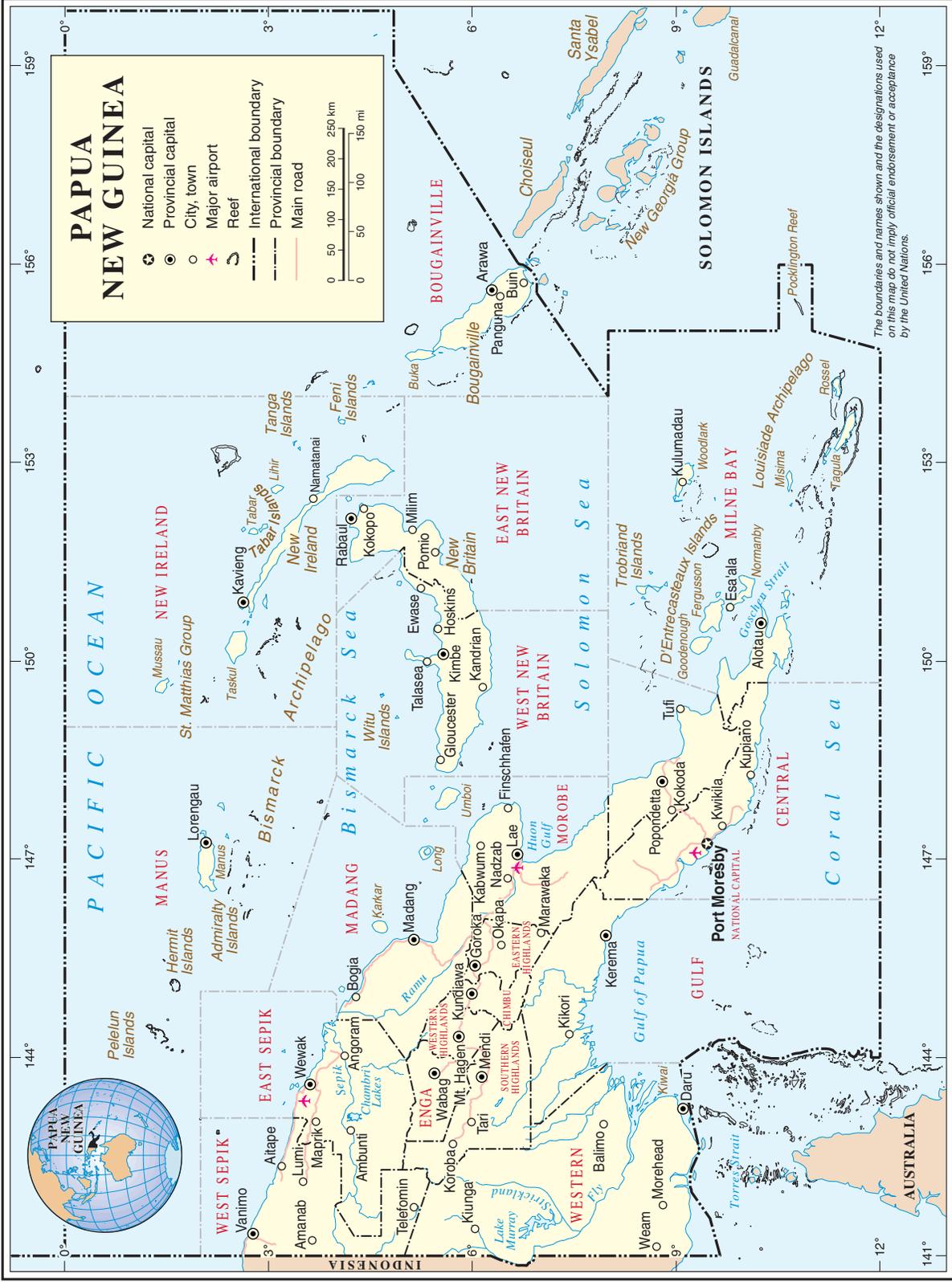
wise game of psychology. They gave us a little bit more power than we could handle, tempered with insufficient money, so all the time they were always one step ahead of us by giving us a little bit more than we could chew. I think that was a determining factor in us being humble and not being too radical.”

While decentralization had major shortcomings, it nevertheless validated a crucial assumption: A unified PNG was a viable entity. Hannett, who had been a firebrand separatist early on, conceded that “in comparison to other developing countries or other countries in a similar state as PNG, I think success could be deemed to have been achieved ... just by the very nature that we are together as a people. ... We are a nation of more than a thousand tribes, and for us to maintain cohesion as a people with over a thousand languages is quite remarkable.”

¹ Somare, Michael. *Sana: an autobiography of Michael Somare* (Niugini Press, Port Moresby: 1975), p. 117.

² Dorney, Sean. *Papua New Guinea* (Random House, Australia: 1990) p. 167.

³ Somare, p. 117.



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