

Papua New Guinea government likely to fall

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The Papua New Guinea government of Prime Minister Bill Skate is on the point of collapse after the People's Democratic Movement (PDM), the largest party in the ruling coalition, joined the opposition on Monday. PDM leader Mekere Morauta, pointed to the country's currency collapse and other economic troubles, saying that people "have lost confidence in this government and its ability to take the country out of the problems we are facing".

Mekere, who claims the support of 40 MPs out of the 104 current parliamentary members, is likely to challenge Skate by moving a motion of no-confidence when parliament reconvenes on July 13. He is working with the parliamentary speaker John Pundari who recently left the government to form his own Advance PNG Party, which claims to have the allegiance of 25 MPs. Opposition leader Bernard Narokobi, head of the Melanesian Alliance, is said to have the backing of another 16 MPs.

Support for Skate's government is rapidly unravelling. Over the weekend 16 members of his PNG First Party (now the People's National Congress), including five ministers, defected to the PDM. Four other government MPs, including another minister, have joined the Advance PNG Party. Skate retains the support of the Pangu Pati and the small United Resources Party.

Public Enterprise Minister Fabian Pok, a leader of the walkout, released a statement over the weekend accusing Skate of breaking the coalition agreement reached following the 1997 elections. Earlier in the week, Skate had taken the unusual move of breaking up the PNG First Party, reconstituting his own People's National Congress (PNC) and two smaller parties. Pok accused Skate of carrying out the changes without consultation and also said that Skate's sacking of four ministers, including Mekere, in June had not been in accordance with the coalition pact.

Others who have resigned include the Ministers for Defence, Health, Education and Employment. The five flew out to meet with Mekere in the Australian state of Queensland prior to a no-confidence vote expected to be put when parliament reconvenes no later than July 13.

Skate branded the trip as a bribe and an attempt to keep the ministers quarantined prior to the resumption of parliament.

The resignations are part of the intense political manoeuvring by all parties prior to the recall of parliament. Under the PNG Constitution, a prime minister has an 18-month period during which a no-confidence motion against the government is prohibited. Skate came to power in July 1997 and his period of grace was due to expire early this year. To avoid being forced out of office, Skate suspended parliament last December for more than seven months.

Political tensions were heightened last Friday when the PNG Supreme Court ruled six to one that the decision to suspend the parliament had been unconstitutional. On an application by the country's Chief Ombudsman Commissioner Simon Pentanu, the court found that the adjournment meant that a constitutional clause requiring parliament to sit for at least nine weeks in each parliamentary year could not be met.

Opposition leader Bernard Narokobi immediately called for parliament to be reconvened within 48 hours in order to maintain political stability. "If this is not done, there will be massive capital flight and once social unrest takes root, it will be difficult to correct," he said. Narokobi has indicated that his Melanesian Alliance would support Mekere as next prime minister.

Skate, who has refused to recall parliament before July 13, is desperately seeking to shore up his position. He appealed to the five ministers to return to PNG and for Narokobi, former prime minister Michael Somare and parliamentary speaker Pundari to work with his government. "This is not the time for elected leaders to play politics, but to sit together to address major issues of concern to the nation, including Bougainville, law and order and the economy," he said. In face of the considerable opposition, Skate insists that he will continue to govern with the support of his other coalition partners.

But the loss of PDM's support virtually ensures Skate

will be toppled as soon as the parliament is reconvened. Mekere is likely to be in the best position to form the next government. But in PNG politics nothing is certain as all the parties are highly unstable political formations based for the most part on regional, local and personal interests, vying for control of the government's shrinking resources.

Mekere, former governor of the PNG Central Bank, has in the past received the backing of corporate interests in Australia, the former colonial power in PNG. A challenge by Mekere was mooted last November following the government's budget which outlined plans to slash between 6,500 and 7,000 public sector jobs and abolish 15 statutory authorities, agencies and committees. At the time Mekere was openly critical of Skate calling for even tougher austerity measures and deeper inroads into the government sector.

There are deep concerns in business circles in PNG and internationally over the Skate government's inability to halt the country's deepening economic crisis. In June, the kina hit an all-time low of 29 US cents before the Bank of PNG intervened to prop it up. Over the past two weeks, the central bank has intervened several times, spending an estimated 60 million kina to try to lift the value of the kina over 40 cents.

Inflation is running at an estimated 22 percent. On Monday, the country's largest supplier of rice, Trukai Industries, announced a 19 percent price rise to compensate for rising import costs. A higher price will hit many people in urban areas and villagers for whom rice has become a staple food. High levels of unemployment, cutbacks to essential health and education services, and falling real wages have already resulted in a sharp decline in living standards for the vast majority of people.

Last week the Skate government finally secured a \$120 million loan from the Kredit Bank Corporation to cover the expected shortfall in this year's budget. The loan, which is part of a five-year package, was negotiated after PNG's first offshore bond issue failed to raise the necessary funding. A high level International Monetary Fund (IMF) delegation is due in the capital on July 5 for talks over the country's economic policies.

The threat to Skate's position is just the latest indication of deep-seated political instability and the fragmented character of the country's ruling elites. Its economy is dominated by foreign investment, particularly in the country's lucrative mines such as Ok Tedi and Lihir, and remains reliant on Australian foreign aid. Every government since the country achieved formal independence from Australia in 1975 has faced a no-

confidence motion during its term of office as shifting regional and local alliances seek to garner investment and funds for their particular area.

Skate came to prominence in early 1997 after the previous government of Julius Chan signed a secret \$36 million deal with the mercenary outfit Sandline International to conduct military operations against the separatist Bougainville Revolutionary Army (BRA). The BRA forced the closure of the huge copper mine at Panguna, operated by the British-Australian RTZ-CRA mining conglomerate, since 1989.

The Sandline affair erupted into a major political scandal after details were leaked in the Australian press. The Australian government put pressure on Chan to abandon the deal and encouraged opposition politicians such as Skate and army officers including PNG Defence Force chief Jerry Singarok to challenge Chan. Amid substantial anti-government protests and an army revolt in the capital Port Moresby, Chan was forced to stand down and the Sandline operation was called off. Chan lost his seat in the national elections later in the year and was replaced by Skate.

The elevation of Skate allowed the Australian and New Zealand governments to proceed with plans to sign a deal with sections of the BRA to end hostilities, to establish a UN-backed military force on Bougainville and to work towards the reopening of the Panguna mine. Skate is due to meet this week with leaders of the recently elected Bougainville Peoples Congress for negotiations over the status of Bougainville. But having lost support in ruling circles in PNG and abroad over his government's economic policies, he is almost certain to go after July 13.



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