

Papua New Guinea government vows to continue IMF program

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Papua New Guinea Minister Sir Mekere Morauta used last week's re-opening of parliament to pledge to continue the World Bank-IMF privatisation and restructuring program, despite continued public outrage over the police killing of four anti-privatisation protesters just a month ago.

Morauta told parliament that his government was fully committed to the Structural Adjustment Program (SAP). "Perhaps it should not need explaining here, because it has been the policy of every government since 1988—the policy of the Namaliu government, the Wingti government, the Chan government and the Skate government. The difference is that this government is determined to implement its policies".

His statement revealed the basic dilemma facing not just his government but the entire ruling elite. They all agree that they must abide by the World Bank-IMF measures, or see international funds and investment disappear. Yet no government has been able to enforce this program so far, and the Morauta government has experienced two major challenges this year—first an army mutiny and then student-led protests.

The government's resort to anti-democratic measures, including the extension of a midnight-to-5am curfew in the capital Port Moresby until August 25, is clear evidence that its grip on the situation is far from firm. While the curfew, combined with a heavy police presence, has quelled the immediate unrest over the police shootings, deep anger remains.

The fact that last week's parliamentary sitting was the first in seven months also points to the fragility of Morauta's position. He shut down parliament late last year in order to prevent a no-confidence motion. Under the PNG constitution, his government cannot now be voted out of office because an election is due within a year, but Morauta has expressed doubt that his

government will survive next July's election.

In order to keep receiving IMF-World Bank funds and avoid bankruptcy, the government must overcome the delays in its promised privatisation of most public enterprises, including the PNG Banking Corporation, Air Niugini and electricity supplier Elcom. The sell-off, combined with plans to halve the size of the 4,000-strong army, will eliminate thousands of full-time jobs in a society where few such jobs exist.

Morauta's first problem is how to assuage the outcry over the gunning down of the student demonstrators. In order to end a six-day blockade of government offices by protesters demanding a halt to the privatisation and the expulsion of World Bank-IMF officials, the government flew in heavily-armed riot police from Mt Hagen in the Highlands, who broke up the protest and then shot students at the University of PNG.

A number of students have given similar accounts of how the police opened fire from only 10 metres away, even though students had their hands raised in surrender. Student representative council leaders have stated that a mobile squad of police from the Highlands broke through university fences and fired hundreds of rounds on the campus.

It is highly likely that Morauta was personally involved in the decision to fly in the riot squad and authorise them to use live ammunition. He has sought to delay any investigation into the shootings. After initially promising an inquiry, he remained silent for three weeks before announcing the appointment of a former National Court judge, Sir Robert Woods, as inquiry chairman. The terms of reference have still not been released.

There have been continual calls for an investigation from groups such as the University of PNG National Academic Staff Association, the National Council of

Women and other women's leaders, the Ombudsman Commission, tertiary students and parliamentary opposition members.

Chief Magistrate George Manuhu wrote to Attorney General Francis Damem on July 5, accusing the government of seeking to use a coronial inquest to avoid public scrutiny. "In relation to the subject matter, there is no suspicious circumstances. The cause of death is known, the deceased persons were shot by police and they died from gunshot wounds," he said. "I cannot allow the office of the Coroner to be seen as a scapegoat for police refusal to investigate its own killings ... I must avoid the appearance of institutional conspiracy to let policemen escape the rule of law".

Port Moresby Coroner Minty Mae said she would nonetheless proceed with the coronial inquest but demanded that the police lay charges against the killers. "They should not refer the investigations to the coroner's office. Police are avoiding bringing those responsible before the law by using the coroner's office, which is a long process."

Morauta's delaying tactics indicate that a cover-up is being planned. At the same time, he has contemptuously referred to the student protesters as stooges for corrupt politicians plotting to unseat him. The students were "feedstock for the sharks" who fed off corruption, he told the *Melbourne Age* last week.

Morauta's government is under increasing financial pressure to deliver on its promises. Deadlines for the sale of Air Niugini and the PNG Banking Corporation have been breached, leaving a K178 million hole in the government's budget this year. In addition, most statutory bodies are bankrupt and will be difficult to sell.

Mining and petroleum were worth \$4.2 billion to the economy during the 1990s, but exploration investment has now fallen to an all-time low. Morauta has been in office for two years, working closely with the World Bank and IMF, yet the currency, the kina, is still languishing near its all-time low of two years ago.

Recently, doubts have been raised about a planned \$US3.37 billion gas pipeline to Australia, touted as the most important project in PNG's history. A rival pipeline from the Timor Gap may proceed instead. "The PNG proposal is plagued by ongoing civil unrest, in which 25 people died earlier this month," the *Age* reported in June. "As well, the PNG Government is

having trouble finalising the soft loan it needs to cover its part of the project."

The coffee industry, one of PNG's few other major income earners, is also in trouble. According to the Coffee Exporters Council, the K300 million industry is heading for collapse under the impact of the worst prices in 10 years. Production has fallen dramatically.

Ruling circles in Australia, PNG's former colonial ruler, still regard Morauta, an ex-merchant banker and central bank chief, as their most reliable representative. At Canberra's insistence, Morauta reinstated a close relationship with the IMF and World Bank after he gained office in mid-1999.

His plummeting popularity has been cause for concern in the Australian media, however. The *Australian Financial Review* commented that the Australian government had, "bet its shirt on Sir Mekere winning through for reform in PNG" but Morauta could be swept out of parliament.

"Now Sir Mekere will face a huge challenge in mid 2002 to retain his Moresby North-West seat, and Mr Wingti [a senior figure in Morauta's party] faces big obstacles in regaining his Western Highlands seat, from which two of the dead students came," it noted. "Bringing down from the Highlands the police riot squad usually deployed in tribal fights, appears to have been a major error... The PM retains the confidence of the international community but is looking increasingly lonely at home".

Nevertheless, Morauta has been told in no uncertain terms that he cannot afford to retreat. Just days after the students were shot down in Port Moresby, an editorial in the *Australian* on 29 June stated: "The challenge now is to push ahead with reform despite opposition and with an election due next year". Morauta "must not lose his nerve," it insisted, or "PNG will remain a basket case economy".



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