
REVIEWS

John Fallon, *The Papua New Guinea Economy: Prospects for Recovery, Reform, and Sustained Growth*. Canberra: Australian Government Publishing Service, 1992. Pp. 134, appendixes. Free.

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It is likely that any reader not reasonably well acquainted with the nature of the dynamics of the relationship between Papua New Guinea and Australia, and of the importance of Australia's aid agency (Australian International Development Assistance Bureau, or AIDAB, for whom this report was written) in that relationship, will find this a useful, if rather brief, introduction to the Papua New Guinean economy. It is equally likely that any reader who is so acquainted will find it disturbingly weak.

This monograph bears many hallmarks of the sort of report with which Pacific Island nations have become increasingly and irritatingly familiar: the clipped prescriptions resulting from a brief, statistics-seeking "mission" (in this case, to Papua New Guinea) by an apparently hard-headed, no-nonsense, economically rationalist consultant who is rather too ready to fire off generalized, uncoded, and culturally naive proposals for the almost immediate and curative reform of the subject country's assumed problems. Perhaps such a harsh, generalized statement about this work requires some justification of its own.

First, "brief": I don't know how long the author spent in Papua New Guinea. Clearly he didn't spend long enough there to absorb so much of that country's atmosphere that infects so many of those who do spend years there and that, unfortunately, renders most writers (Sean Dorney being an honorable exception) liable to overlook many of Papua New

Guinea's fairly obvious problems in an attempt to convey that "atmosphere," which is indeed beguiling, across to their readers. There are certainly no such atmospherics here. In fact, all the signs are that Fallon stayed just long enough to spend some time in discussion with Port Moresby business leaders, the (privately sponsored--and excellent) Institute of National Affairs' personnel, senior bureaucrats and one or two academics, and to lay hands on the latest budget papers and the Bank of Papua New Guinea's quarterly statistical reports. However much time was spent preparing this monograph, it is decidedly thin in quantity: eight chapters in sixty-one pages; over half the text is in the form of appendixes, another seventy-two pages.

Secondly, "statistics-seeking": I calculated that one-third of the work is made up of statistical tables or graphs or notes explaining them. A few of these statistics are not easily obtained or commonly available, such as those dealing with petroleum leases. But the majority are widely available from other sources, in particular from the PNG Bank's *Quarterly Bulletins*, which I would recommend strongly to the reader as the best simple source of up-to-date economic information on Papua New Guinea. I have to say that I did find the collation of presented statistics reasonably useful, but then I'm a statistics junkie. I rather suspect less number-minded readers may find much less of value in these forty-four pages than I did.

Thirdly, "hard-headed" and "economically rationalist": I have often worried that, by definition, I have to side with economic rationalists on the grounds that one could not logically support economic irrationalists. This, however, is a false proposition since it supposes rationality can only be bounded by economic qualifiers and that as long as the study of economics retains its own imperfections and irrationalities, then "economic rationality" is not necessarily rational. Fallon, in my view, depends much too heavily on economic sources in this work: Of the forty-five references listed only one is definitely not authored by an economist, while eleven are reports by banks. Consequently, Fallon misses as many (at least) insights into problems of Papua New Guinea's development as do his sources; and, I am sure, many of the finest economists who have worked there (Garnaut, Gregory, and Elek, for example) would willingly admit that their own work has been considerably improved by knowledge of work in other disciplines.

Fourth, and most seriously, "generalized . . . proposals": The author frequently reports "concerns" about existing conditions being "expressed" but rarely attributes these. One such concern, according to Fallon, is that, to date, Papua New Guinea policy has been to "unduly

emphasise the distribution of income and wealth rather than their generation." Unfortunately, however, the only data on income distribution in the forty-four pages of statistics concern mean provincial incomes for 1983. (These are themselves of interest since they indicate a Gini coefficient of 0.3, with the National Capital District and the North Solomons' accounting for only 8 percent of the population but 33 percent of the nation's income.) But there are no figures for income by income groups nationwide and there is no reference to Dudley Jackson's major report on the topic. Given the, to me, very visible wealth of the top 1 percent of PNG residents and the evident cash-penury of hundreds of thousands of rural dwellers, it is difficult for me to agree with this author's view. In the complete absence of any evidence presented here to the contrary, his view that a policy with emphasis on redistribution is a bad thing for Papua New Guinea remains unproven; indeed, it is equally difficult to conclude that such redistributive policies have actually existed, or if they have existed, it is equally unproven that they have worked.

The author's solutions to the problems he perceives are rarely spelled out beyond rather vague general statements on the need to develop infrastructure and human resources. No priorities or, even more strangely, costs are associated with such suggestions. When specifics are touched upon they are, to me again, awesome in terms of the lack of mention of their consequential implications. For example, building on an idea of Brogan, Fallon argues that "it would . . . seem worthwhile to develop options to provide more government services [to rural regions] in return for reform of land tenure arrangements and associated broadening of the tax base" (p. 11). The argument is that, since land held in "traditional" communal tenure cannot be readily monetized, mortgaged, or transferred, the land situation is a major obstacle to modern, capitalist development; this, I agree, is true. Further, since so many rural dwellers do not therefore participate in modern, capitalist development, except at its margins, they do not pay taxes to the state, which must rely for revenue instead on aid and taxes on expatriates and largely expatriate-owned companies; this, I would think, is largely true but not entirely so, since there are in place regressive export taxes on cash crops. Finally, such rural dwellers demand services, which is definitely true, and, therefore, if they want schools, roads, health care, and jobs they should first be required to give up their communal tenure, allow their one asset (land) to be commoditized, and start to pay taxes. In simple economic terms, there is much to be said in favor of such a proposal.

Nevertheless, such a proposal is truly radical. It implies, if it is imple-

mentable, the reconstructing of a whole social system--or, in more personal terms, the sacrifice by the average villager of the one resource in his or her possession-- in exchange for participation in the modern, monetized world system. Some might not consider this a worthwhile exchange. All would have to agree that Fallon's aside--"there would undoubtedly be numerous practical problems associated with such schemes" (p. 12)--has to be a leading candidate for the award Understatement of the Decade for the Pacific.

This is only one, if a major one, example of Fallon's making broad statements and letting their implications fall where they may. Thus, I believe my introductory damning of this work is not unjustified. I might also add that spelling errors, missing words, and other editorial lapses are quite frequent, while the prefatory location map (without key) seems to have been inserted as an afterthought.

Now, the average reader might be asking: "Why is this reviewer getting quite so worked up about what is a rather slim, harmless little monograph? Surely, all this energetic vitriol is misplaced?" There is one good reason why I am so anxious to point out what I believe are inadequacies in this work: It is a publication for AIDAB, whose biggest single job is to channel Australian aid to Papua New Guinea. What's more, the nature of that aid has been undergoing radical change since Fallon's work was commissioned--from untied grants-in-aid direct to government towards financing for specifically planned and mutually agreed programs. Such a consideration must qualify any assessment of the value and interest of this monograph. On the one hand, as a publication under AIDAB's name, we should undoubtedly expect a degree of diplomatic tact or blandness, of blurring of some of the harder issues, and we should not be too critical of a reasonably broadbrush approach. On the other hand, one might also expect a far more carefully crafted document free of editorial errors, of unjustified (as opposed to unjustifiable) assertions, and of poorly patched-together structures. I don't especially enjoy being acidulous, but really this just will not do, especially when I suspect that it will have been very influential in determining the new guidelines for Australia's aid strategies in Papua New Guinea.