Strengthening political parties in the Pacific

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The instability of Pacific politics is often traced to the weakness of its political organisations. In Papua New Guinea, the Organic Law on the Integrity of Political Parties and Candidates was put in place to stabilise politics by enhancing the role of parties in parliament, but its impact has been debatable. We look at the causes of weak parties in Papua New Guinea and compare the political system in Papua New Guinea with that of industrialised democracies where political parties are stronger. This comparison suggests ways that political parties in Papua New Guinea might be strengthened—in particular, through a reformed ‘slush fund’ for parties.

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What is the cost of political instability?

Achieving political stability in the interest of achieving prosperity has been a long-term goal in the Pacific. Sir Rabbie Namaliu, a former prime minister of Papua New Guinea and long-time politician, noted that political stability was one of the prime goals for Pacific nations (Address to Asia-Pacific Round Table Meeting, Sydney, 15 March 2004). The lack of such stability, Sir Rabbie argued, had undermined the public’s confidence in democracy and their belief in governments as a whole. Mahendra Pal Chaudhry, during his term as Prime Minister of Fiji, expressed similar concerns; he claimed that political instability, engineered by a small group of ‘power-hungry politicians’ with the aim of wresting control of government from him, would have a disastrous impact on the economy (Fiji Daily Post, 12 October 1999). Dr Derek Sikua, the Prime Minister of Solomon Islands, complained that political instability had plagued his nation during its 30 years of independence and argued that restoring political stability was essential to building a stable society (‘Solomons Prime Minister to fight instability’, Solomon Times Online, 30 March 2009). Kalkot Mataskelekele, the President of Vanuatu, urged parliament to consider means of
reducing political instability (‘President of Vanuatu addresses political instability’, *Vanuatu Daily Post Online*, 13 June 2009).

Political instability has had a deleterious impact on the rate of growth of the afflicted economies. Manning (2005:147) noted from evidence gathered from surveys of the business sector in Papua New Guinea that political instability—in addition to problems of law and order, corruption and high costs of infrastructure services—was reported as a major impediment to private investment. Easterly and Levine (1997) found a similar pattern in sub-Saharan African nations.

A fragmented community—possibly one with ethnic, religious and regional cleavages—is most prone to political instability. Prasad (2003) argues that ethnic divisions have undermined the formation of a cohesive state in Fiji. This, in turn, Prasad contends, has fractionalised Fijian society, leading to the breakdown in law and order, and is responsible for erosion of the quality of governance—the cumulative effects of which have been greater inequality in income distribution and rising levels of poverty. According to Prasad, the reversal of this trend requires the building of social cohesion. This claim harks back to a larger international literature (Easterly and Levine 1997) that suggests that social cohesion—defined as ‘a state of affairs in which a group of people (delineated by a geographical region, like a country) demonstrate an aptitude for collaboration that produces change’ (Ritzen, Easterly and Woolcock 2000:6)—is necessary for development. According to this literature, socially cohesive societies are more likely to deliver inclusive governments than those that are not cohesive.

While creating cohesive societies could be a long-term process, one of the proximate causes of political instability has been the fluidity of political parties. Such fluidity has been particularly pervasive in the four Melanesian nations of the Pacific (see Gelu 2005 for an excellent survey of this problem in Papua New Guinea). Inducing longer-lived political parties therefore has the potential to lower political instability. This is the challenge taken up in this article. We draw on economic theory to suggest interventions to address observed political instability within Papua New Guinea. Some of what is found could be applied to other countries across the Pacific.

**Why is Pacific politics so unstable?**

Some of the recent commentary on Pacific politics, such as Kurer (2007), places the blame for political instability on clientelism. Clientelism is described as ‘particularist rent seeking’ in which politicians are interested primarily in diverting public money to the narrow interest group they represent. Is this, however, really the distinguishing feature of Pacific politics that sets it apart from other democratic political systems?

Pacific politicians are not exceptions in being particularist rent seekers. The former US Speaker of the House, ‘Tip’ O’Neill, famously remarked: ‘All politics is local.’ By this, he is presumed to have meant that politicians must always consider the impact of policies on the voters who elected them—their own political district. An often-used phrase in US presidential elections is ‘Are you better off today than you were four years ago?’ Voters in the United States are assumed to vote for their own particular interest.

Annual budgets in industrialised democracies are enormous documents. They are not, however, enormous because of the lengthy discussions of programs; they are enormous because of the number of specially targeted spending programs that are included in them. The job of most politicians
during budget times is to try to get as many programs for spending started in their own constituencies as possible. The US advocacy group Citizens Against Government Waste listed 10,160 line-item projects in the 11 appropriations bills that formed the US Federal Budget in 2009 (http://www.cagw.org/site/PageServer?pagename=reports_porkbarrelreport). These 10,160 projects are typically targeted spending programs within an individual politician’s district.

Senator Robert Byrd of the US state of West Virginia is famous for his ability to obtain large federal projects for his relatively poor state. According to Grunwald (2006), these projects include the Robert C. Byrd Freeway, the Robert C. Byrd Expressway and the Robert C. Byrd Highway—part of the Robert C. Byrd Appalachian Highway System. It is difficult to imagine how the United States as a whole benefited from the creation of a large Federal Bureau of Investigation (FBI) complex with 2,500 employees in the remote state of West Virginia, 250 miles from Washington, DC. As the most senior member of the US Senate, Byrd now sits on the powerful Senate Appropriations Committee and has been rewarded with a promised expansion of the FBI facility in Clarksburg, West Virginia—doubling its size (http://byrd.senate.gov//mediacenter/view_article.cfm?ID=577).

Is what Byrd has accomplished not a case of clientelism—benefiting a narrow group at the expense of the rest of the country? And would a West Virginian voter not regard what Byrd has accomplished as something that should be rewarded? On the basis of his political longevity (Byrd has been in the US Senate since 1959), Byrd’s rent seeking has obviously found favour with his voters. Voters in the Pacific, just like voters in West Virginia, do not mind rent-seeking politicians, as long as the rent seeking favours them.

Former Australian prime minister John Howard, in his failed 2007 re-election campaign, flew to a small district in the small state of Tasmania to announce a A$50 million rescue package for a local hospital. A prime minister flying into a small district to deliver a very narrow spending program is just as much an example of particularist rent seeking as you would find in any Pacific context. Prime Minister Howard assumed that voters in that district would reward him with their votes in the next election out of a particularist interest.

It is on this issue of voter self-interest that Kurer seems confused. Kurer (2007:43) asks ‘why do voters behave…in a manner that seems contrary to their long-term material interests’ when they keep re-electing politicians who engage in particularist rent seeking? The answer is that voting for your own politician, who brings projects into your district—such as Byrd does for West Virginia—is in your self-interest. What voters would like to do is to stop other voters from voting in their own particularist rent-seeking politicians. Voting for rent-seeking politicians is in an individual voter’s interest, whether in an industrialised or a developing country; but it is not rational for the group of all voters in a country.

Even the models used by political scientists in industrialised democracies support the view that those politicians are rent seekers. The political concept of ‘log-rolling’ in the United States (or ‘horse trading’ in the English system) is to design a combination of programs that benefits narrow groups in several political districts so that politicians in those different districts will all vote for a combined program. This concept is commonly used to explain the actions of politicians in industrialised democracies. The underlying assumption is that politicians vote for programs solely on the basis of whether those programs will benefit voters in their district. How is this different from clientelism in the Pacific?
So, if particularist rent seeking does not set politicians and the political system in the Pacific apart, what does set Pacific politics apart? Politicians in all democracies are particularist rent seekers, but not all politicians behave as badly and as brazenly as some Pacific politicians. The reason for this is that institutions exist in other democracies that to some extent control the degree of narrow rent seeking by politicians. In industrialised democracies, this control of politicians is undertaken primarily by political parties. What sets Pacific politics apart, then, are not the incentives of individual voters or of individual politicians, but the lack of any substantial party control over the behaviour of politicians. In blaming clientelism, commentators are focusing on the symptoms of the problem but missing the real problem, which lies in the weakness of political parties in the Pacific.

Why are political parties so weak in the Pacific and why do weak parties lead to instability?

Political parties are weak in the Pacific, but parties are the basis of politics in industrialised democracies. In a typical textbook on political parties in the US and European contexts, Ware (1996:1) introduces his book with the sentence: ‘In contemporary states it is difficult to imagine there being politics without parties.’ In an Australian context, Jaensch (1994:1) writes: ‘parties and the party system are…the critical components in the polity.’

How different is the status of parties in the Pacific? Gelu (2005) describes a PNG political system in which politicians prefer to run as independents and join parties after the election, based on which party is likely to be in government and where they are likely to reap the maximum benefit. Rather than a foundational role, parties play only a minor role in Pacific politics (see also the description in Morgan, Baker and Hambly 2005). Politicians frequently swap parties. Parties can have members both in the government and in opposition. Parties have very little control over the voting pattern or behaviour of their members. Pacific politicians act much like the ‘citizen candidates’ of Osborne and Slivinski (1996) and Besley and Coate (1997)—politicians without parties.

F. Fraenkel (2008) is correct that democracies existed before parties. Why would voters in a province vote for a politician who would vote in the interests of a party when those interests could conflict with the local interests of the voters in the district? The weak political parties of the Pacific are a function of a more natural state of politics than the strong political parties of the industrialised countries. It is probably due to the fact that political parties pre-dated the rise of modern political economy that Ware and Jaensch can talk as they do, as though political parties are necessary components of democracy. If, however, political parties are not a necessary part of modern democracy, are they desirable?

If the difference between Pacific politics and politics in industrialised countries lies in the weakness of political parties in the Pacific, we should ask why parties are so strong in some countries and so weak in others; and we should identify the structures in industrialised democracies that enhance parties and those structures in the Pacific that impair parties. To do this we need to set out the role that parties play in modern politics. In particular, we wish to know why politicians find joining a party advantageous and why voters might prefer a politician who is a member of a party.

One possible reason for the existence of parties is the difficulty and expense of communication with voters. If politicians group together in a party, they can gain
economies of scale in communication with voters. Osborne and Tourky (2008) set out a similar basis for party formation. Parties provide money and organisation to allow individual politicians to reach a wider audience than they would without a party. The question then is: what does a politician and a party communicate to a voter? The politician communicates the characteristics of the party to the voter: the party is a ‘brand’. By communicating that he/she is a member of a party, the politician is signalling to the voter that the politician shares in the ‘brand’ that is the party. Snyder and Ting (2002) set out a model of party formation as ‘branding’.

Why, however, might it benefit a voter to vote for a politician running as a member of a party rather than that politician running as an independent? After all, if party identification signals that there is some party discipline within the party, a politician in a party is transmitting to voters the statement: ‘Sometimes I will vote in your best interest, but sometimes my party will make me vote for something that is not in your best interest.’ Why might a voter prefer to vote for a politician who is suggesting that sometimes he/she will not act in the voter’s best interest?

An answer is that a party brand could ensure better behaviour from politicians. Part of the value of that brand is a statement about how the politicians in that party will act. A party that is a worthless brand will not be able to attract politicians; so parties with strong brand value have an incentive to protect their brand by monitoring the behaviour of party members. The party brand, moreover, provides longevity to policies. Thus, a voter from a constituency who loses at any point would weigh this cost against future restraints placed on other constituents who would otherwise have gained at his/her expense. In other words, a party brand name increases the patience level of individual voters. The absence of such a brand name does the opposite.

By staking out a brand, parties can reduce the particularist rent-seeking behaviour of their own members, as in Grossman and Helpman (2005). Parties can force individual politicians to take account of wider interests in their voting. When political parties force bloc voting, the individual politicians might vote against the best interests of their own supporters based on wider national interests based on party calculations. Voters might think this is a good trade-off, if it means that politicians in other districts will vote against the interests of their own supporters and for wider concerns.

The challenge of reducing political instability in the Pacific is therefore to induce the formation of political parties that will confer net benefits on party members and their followers. The fact that such parties pervade industrialised democracies warrants scrutiny.

Why are parties so strong in industrialised democracies and so weak in the Pacific? Partly this is because party strength is self-enforcing. Strong parties with established brands—such as the major political parties in industrialised democracies—have an incentive to police the activities of their members to protect their brand. Parties that have valuable brands will be parties that politicians want to join and will fear being expelled from; so party discipline is strong.

Pacific parties, however, have little value, so they have minimal incentive to protect brand value. Pacific parties that fail to monitor and police their members’ behaviour diminish their brands of the value they might have had. This creates a negative feedback loop. Knowing that the brand is weak, politicians and voters defect whenever the costs of doing so exceed that of abiding by the conditions set. A weak party therefore constitutes a trap from which a community might be unable to escape.
This fact of self-enforcing brand strength does not help us very much with options for moving to strong parties. It does, however, suggest that once parties are strengthened, they will stay strong. Furthermore, a nudge out of the trap of weak parties could create positive feedback, leading to strong parties and increased political stability. Could such a ‘nudge’ be given through specific policy interventions?

Another reason why politicians might join parties is to access party resources. In industrialised democracies, politicians in parties gain access to money and party organisation. Parties are often tied to particular interests, such as labour unions or large or small businesses, and can raise cash and labour through those interests. In most industrialised democracies, parties are supported with money from the government. In Australia, for example, the Australian Electoral Commission (AEC) pays money to the political parties after each election, based on the number of primary votes the party received in the election, but only for the parties that receive more than 4 per cent of total first-preference votes. This payment was initially structured as a reimbursement for party campaign costs but was changed to be a direct payment for each vote (Ghazarian 2006). After the 2007 Australian federal election, the AEC allocated A$22 million to the Australian Labor Party and A$16.7 million to the Liberal Party of Australia. Payments to all parties after the 2004 Australian federal election totalled A$41.9 million (http://www.aec.gov.au/pdf/publications/behind-the-scenes-federal-election-2007.pdf).

In industrialised democracies, individual politicians rarely have access to large social networks from which to draw labour to assist in elections, apart from labour unions or special interest groups. Parties therefore function as sources of paid and volunteer labour for politicians. The government provides some paid labour through the offices of elected members. In the Australian federal system, each Member of Parliament is entitled to three office staff paid for by the government. Ghazarian (2006) describes a common situation in which staffers are traded across politicians through the party—from ‘safe’ electoral offices to ‘marginal’ electoral offices.

In the Pacific, politicians have access to far larger funds outside of parties, so have less need to join parties for access to party funds. In Papua New Guinea, elected members have access to provincial ‘slush funds’, which makes elected members even less dependent on parties for support. These slush funds are attached to the individual politician as opposed to the party of which he or she is a member. Politicians in the Pacific also have access to a potentially large supply of labour through clan systems and other social networks. Again, these networks are attached to the individual politician rather than the party.

Since individual politicians in the Pacific have access to money and labour outside of parties, individual politicians are much more powerful relative to parties in the Pacific and Papua New Guinea than they are in industrialised democracies. With weak parties, the effect of weak brands is that party discipline will be minimal. What, then, are the consequences of having weak parties and little party discipline?

Parties serve many functions within democracies but one of the most important functions that parties serve in industrialised democracies is to police the politicians. We could imagine various agents that could punish political misbehaviour by politicians, such as voters, parliament, the justice system and political parties.
Voters typically get to punish politicians only at an election, which can be several years in the future. In Papua New Guinea’s current political system, where the majority of politicians are voted out at each election, the threat of not being re-elected is not very effective for most politicians who are looking at serving only one term in any case. Even through the ballot box, voters are also unreliable enforcers of certain kinds of good behaviour. If a politician is accused of diverting public funds to their own electorate, why would a voter in the province be angry at the politician for that? Certainly Senator Byrd’s voters in West Virginia do not think that way.

Some parliaments are effective in policing bad behaviour, but this form of sanction has not worked well in the Pacific as yet. The justice system has also proved very ineffective in controlling politicians in the Pacific and in Papua New Guinea.

In political systems such as Australia and the United States, the parties often police the behaviour of politicians, and it is the strength of the party brands that forces parties to act against their own politicians. The parties react first to news of the misbehaviour of politicians. Often well before the matter is brought to the attention of police and courts or parliament, misbehaviour by politicians can lead to their expulsion from parties. As expulsion from a party generally means the end of a political career in an industrialised democracy, expulsion is a grave punishment.

Given the weakness of political parties in the Pacific, we are left with the infrequent and slow-moving responses of voters, parliaments and the courts to sanction misbehaviour. There is therefore little effective punishment for misbehaviour by politicians, even when those acts make the front pages of the daily newspapers. The poor behaviour of Pacific politicians is due partly to the lack of any institutions capable of enforcing good behaviour by politicians.

Why did the organic law fail and what can we learn about strengthening parties in the Pacific?

Critics of government support for parties—such as the AEC payments in Australia or government provision of labour for incumbent members—have described these payments as unfairly advantaging larger parties at the expense of smaller parties and independent members (for example, Sawer 2004). We, however, think this unfairness is necessary: parties should be given unfair advantages in order to empower them relative to their politicians.

The Organic Law on the Integrity of PNG Political Parties and Candidates Integrity Bill (2001) (OLIPPAC), legislated by the Morauta government, was an attempt to strengthen the role of political parties in the PNG Parliament. According to John Nonggorr, its principal architect, and as reported in Gelu (2005), the OLIPPAC required that

1. the Prime Minister be appointed in a manner with a direct relationship to the expressed wish of voters
2. members of parties who left those parties had to give substantial reasons for leaving
3. political parties vote as a bloc on selecting a prime minister during no-confidence measures, on constitutional amendments and on the budget.

Reilly (2002) contended that the OLIPPAC was aimed at stabilising executive government, principally by limiting motions of no-confidence in the government. The
absence of such votes of no-confidence since the passage of the OLIPPAC is said to be evidence of its success. Gelu (2005), however, disputes this claim, arguing that the incumbents’ success is a reflection of their abilities to stave off such motions by using tactics such as deferring the sitting of parliament. The OLIPPAC, nonetheless, constitutes a ‘stick’ in that it strips a member of his/her seat for defecting from his/her party’s stance on a vote of no-confidence. Rewards for sticking together on party lines are, however, absent.

The failure to change incentives for individual politicians is the primary reason for the limited success of the OLIPPAC. While the OLIPPAC did regulate some actions by Members of Parliament, it failed to change the incentives that led to misbehaviour. Individual politicians still felt that they could gain from causing instability, so they continued their previous behaviour. As Gelu (2005) argued, only extreme measures by Prime Minister Somare avoided the usual instability that afflicted parliamentary politics in Papua New Guinea; and large resource rents at the disposal of the incumbent administration provided a means of holding factions together.

The weakness of political parties in the Pacific is due to the inability of parties to offer any advantage to individual politicians. Parties are resource poor and have no brand value to offer. The OLIPPAC has changed none of this; it has only made party membership more constraining. A sensible response by politicians to this change would be to go independent or create a party of one member. This is what we have seen. The 2007 elections in Papua New Guinea saw 29 parties take part in the elections, and 20 of the 109 seats were won by independents (Adam Carr’s Election Archive, http://psephos.adam-carr.net, accessed 30 January 2010). This ‘party-strengthening’ legislation is in fact doing the opposite: inducing fragmentation of parties by pushing politicians into parties of one.

Fraenkel (2008) expressed concern that party-strengthening legislation such as the OLIPPAC would only entrench the advantage of élites in Pacific democracies. We believe that party-strengthening legislation has achieved this and has done so by weakening Pacific political parties.

In order to change the behaviour of politicians, the incentives that politicians face need to be changed. Politicians have to face real costs for causing instability. As we saw earlier, politicians face no real costs for misbehaviour because the institutions that punish in other democracies—the parties—are weak. Parties are weak in the Pacific because individual politicians have access to money and labour outside of the parties.

How, then, to strengthen parties in Papua New Guinea and the Pacific? Changing access to money is one method. In other democracies, it is the parties that receive financial support from the government rather than individual politicians. The ‘slush funds’ in Papua New Guinea are politically destructive not only because they cause corruption but—more importantly—because the slush funds keep politicians independent of parties.

We advocate that the slush-fund money be paid to political parties rather than to individual Members of Parliament. The funds paid to political parties should be based on the number of party members the party has in the parliament at the start of an electoral cycle, which is roughly what is done in Australia. The funds should be paid directly to the party rather than to its representatives and should be paid on a quarterly or biannual basis. If a member leaves a party, the party should lose that funding; but importantly, the funding should not transfer to the new party that
the member joins. Members would then face a real cost in switching parties: their party support money would not travel with them.

This change in the allocation of the slush funds has several advantages. It will cost nothing in terms of government revenue, as it is simply a reallocation. Once given to parties rather than to individual politicians, the funds strengthen the power of parties relative to members. The funds can also be used as a mechanism to change the structure of parties. For example, in Australia, a party has to receive more than 4 per cent of first preferences in the national election to be eligible for the party support, so limiting the minimum size of parties and strengthening parties relative to independents. A minimum size for a party to be eligible for party funding—say, by requiring that eligible parties have at least six members in parliament—would prevent members from simply going independent, although independent members might receive some level of support at a lower rate. A large enough disparity between the support for independent members and the support for political parties will induce party formation by Papua New Guinea’s parliamentarians.

An issue with all reforms is to structure the reforms so that affected interest groups will be in favour of the reform. A potential obstacle to changing the use of PNG slush funds in this way is that the very people who are currently receiving the slush funds will be the ones who will vote on the changes. One possibility is to reallocate the slush funds to the parties but to double their size, so that politicians have some incentive to vote for the changes. The increase in spending will have revenue implications, but an improvement in political stability could more than pay for this.

Conclusions

Drawing on the economic theory of political parties, this article has considered means of addressing political instability and misbehaviour by politicians in Papua New Guinea and more broadly in the Pacific. It has been argued that political instability and other types of political misbehaviour are principally the result of having political parties with weak brands. Therefore, reducing political instability boils down to inducing formation and sustenance of more representative and stronger political parties.

Politicians in industrialised democracies join parties in order to gain access to the money and labour of established parties. Individually, politicians rarely have access to large amounts of resources. Comparatively, in Papua New Guinea and elsewhere in the Pacific, incumbent politicians have large individual funds from government and access to labour through clan and other social relationships. Parties are weak in the Pacific because they have little to offer a politician. Where, as in Papua New Guinea, the current system allocates budgetary resources to individual politicians rather than to their parties, it helps keep political parties weak.

We propose that this relationship be reversed. Instead of the ‘slush funds’ going to members as representatives of their district—as is currently done—they should be paid to the party. It is crucial that the funding of parties is increased and the funding of politicians is reduced. Only then will politicians be reliant on their parties for financial support, rather than being independent. This system of party support would be similar to that used in industrialised democracies, such as Australia, which supports political parties rather than individual politicians. Furthermore, party support should be
available only to parties of a minimum size in parliament—as is done in Australia. This would encourage parties to be more broadly representative of the voting population.

These reforms would mean that political parties in Papua New Guinea would have the power to reward politicians with cash, the power to punish politicians who misbehave and the power to compel voting in some cases. With these measures, larger and stronger political parties should emerge that take into account issues and policies that are in the interest of the population of Papua New Guinea generally rather than of politicians’ particular constituencies. Attempts at political engineering, such as the OLIPPAC, have tried to achieve this but have not been successful because they have not changed the incentives politicians face. In an environment of already weak parties, making party membership more onerous through efforts such as the OLIPPAC are far more likely to further weaken, not strengthen, political parties. We propose that using the slush funds in this way will produce incentives that ‘bite’ and have a much greater chance of achieving positive outcomes. This would complement the existing mechanisms that penalise defection from a party by a member.

Notes

1 According to Ware (1996), two-thirds of the industrialised democracies had state funding of parties by the late 1980s.

2 Section 82 of the OLIPPAC legislation does allow for a government payment to registered parties of K10,000 for each Member of Parliament. This sum is insignificant, however, compared with the slush fund each incumbent politician has access to.

References


