

PNG's path from post-independence optimism to low-growth equilibrium

by Matthew Morris

5 September 2025



Stall holders at Goroka market

Photo Credit: Stephen Howes

In *Struggle, Reform, Boom and Bust: An Economic History of Papua New Guinea since Independence*, Stephen Howes and colleagues have produced an excellent book.

Having worked in PNG during the 1997–2003 reform years — and on and off since — I found this the most thorough and well-researched account yet of PNG's economic path.

It's essential reading for anyone trying to understand why development outcomes remain poor, despite decades of donor support and resource wealth. The deterioration in service delivery — cited throughout and especially in Section 10.11 — should be a wake-up call.

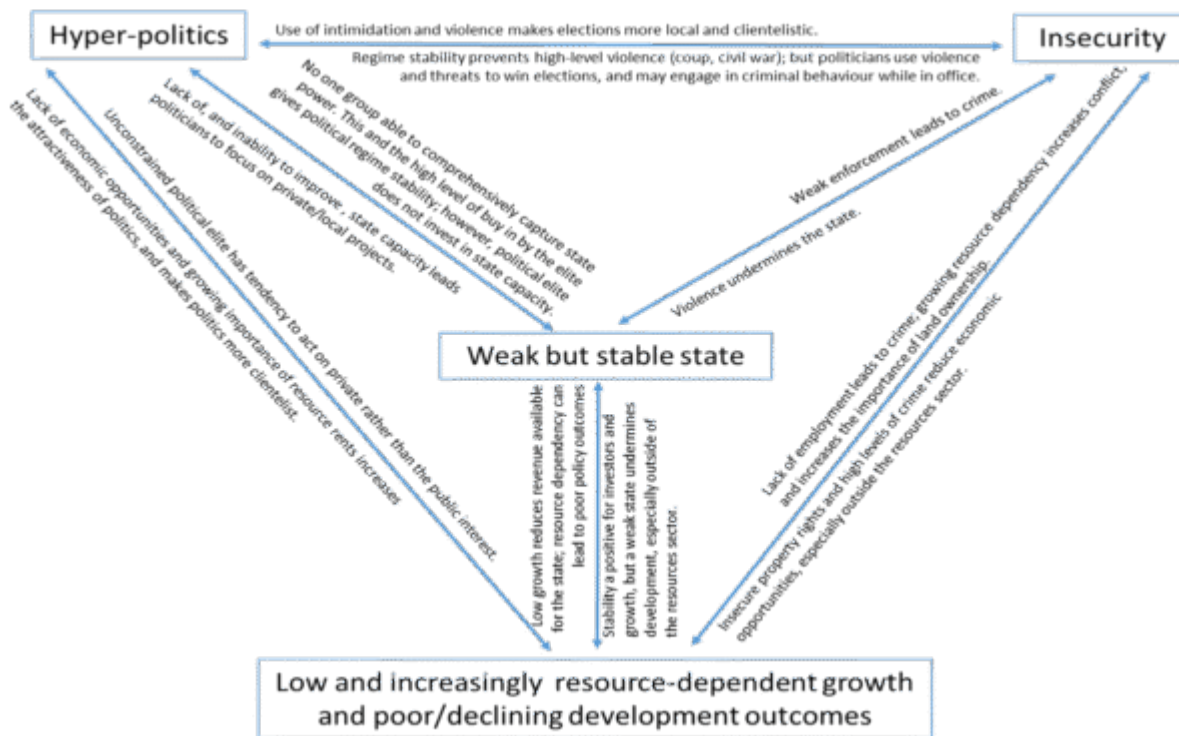
The book charts PNG's path from post-independence optimism through reform, boom and stagnation. It's particularly strong on how volatile resource flows, shifting aid approaches and “hyper-politics” have entrenched a low-growth equilibrium — hard to shift, yet remarkably stable.

Where it leaves readers wanting more is on what to do next. That's not a flaw — just a reflection of the challenge. What's needed is a deeper grasp of PNG's political economy: how power and patronage shape reform, and how to build coalitions for accountability and better performance. Chapter 12 and Figure 1 could be the foundation for this.

This chart shows how Papua New Guinea is caught in a “weak but stable” trap: politics is hyper-competitive and clientelist, with elites using violence and resource rents to win short-term power rather than build institutions; insecurity erodes trust, property rights, and investment; and the state survives but never strengthens, delivering stability without capacity. The result is low, resource-dependent growth and persistently poor development outcomes, a vicious cycle where politics, insecurity and weak governance reinforce each other.

This dynamic must be better understood if the trap is to be broken, because only by recognising how hyper-politics, insecurity, and poor growth and development outcomes reinforce one another can reformers identify real entry points for change.

Figure 1: A political economy model of Papua New Guinea – the hyper-political, insecurity trap



Source: *Struggle, Reform, Boom and Bust*, Figure 12.3 on p.291.

Aid also needs scrutiny — not because it holds the answers, but because it's a lever that external actors control. Too often, it has reinforced dysfunction: bypassing systems, fuelling fragmentation and enabling political avoidance. Section 7.2.6 captures this well and it is a thread throughout the book. Rethinking how aid supports local accountability is overdue.

We also need clearer-eyed accounts of how reform actually unfolds. The Pioneer Industry Act (p.104) is an example. I was involved in its repeal in 1998 — it wasn't due to political will but through a quiet line in the budget legislation. It looked like a win but was easily undone. There are many reforms like it. (And the book documents many reforms that were later undone.)

The failures we see in PNG aren't a reason to disengage or give up hope — but they are a reason to rethink how we engage.

My takeaway: this book prompts us to ask harder questions — about what's worked, what hasn't and what must change.

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For donors, policymakers and practitioners, the challenge is clear: engage more honestly, act more strategically and stay the course when things get politically uncomfortable.

A sincere thank you to Stephen Howes and his team – Martin Davies, Rohan Fox, Maholopa Laveil, Manoj K. Pandey, Kelly Samof and Dek Joe Sum – for an excellent book.

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