Papua New Guinea economic survey: a response to Curtin

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In this short response to Dr Curtin, I attend to the substantiative issues which are relatively simple to address: these in the main include questions of facts, namely, on price increases for exports; the ability of farmers of tree crops to respond to price signals over the short term; and, qualms about the poverty figures and the reported infant mortality rate provided by the World Bank.

On the first, the Bank of Papua New Guinea notes that improvement in economic activity was led by the export sector, reflecting higher production and prices of most mineral and non-mineral commodities, as well as favourable weather conditions (Bank of Papua New Guinea 2004).

The Bank of Papua New Guinea goes on to provide breakdowns in terms of the increases in value of exports due to the rise in prices and those due to increases in volume. Of note is the fact that the survey was written in advance of the release of the commentary by the Bank and any official data on the above.

Curtin questions the ability of farmers, particularly of tree crops, to respond to price signals over the short term. Coffee, copra, and oil palm do take years to come into production but picking of fruits, application of fertiliser, and weeding so as to raise productivity all respond to short-term price signals. Copra production, for example, responds more or less immediately to higher prices as farmers spend more effort at collecting copra and clearing undergrowth; a fact I know of from first-hand experience.

Data, both in terms of availability and quality, is always a problem. The World Bank data was used for all cross-country comparisons with sources for all information fully cited in the survey. Statistics from local sources, mostly the Bank of Papua New Guinea, were used otherwise. Curtin seems to have problems with World Bank figures, and possibly with the World Bank in general. Despite many of the limitations that the World Bank may have, it still remains one of the most authoritative sources of cross-country information. The poverty study for Papua New Guinea to my knowledge, moreover, is the best if not the only available household level study on poverty for Papua New Guinea. In the absence of better information, mere sniping at what is available is unhelpful. Criticisms on the quality of the study, if it is to have a value-add, should be directed at the authors of the study rather than to a survey that uses such information.
Curtin reads the survey as being overly critical of economic management in Papua New Guinea; this view is in sharp contrast to three items of correspondence received following publication of the survey, including one from a prominent Papua New Guinean, all of which state that I have been far too generous in appraising the economic performance. The survey was, when it first appeared, far more positive in comparison to other studies published then in Australia on the Papua New Guinea economy. I would like to give Curtin’s perception of the survey being overly critical the same weight as those of the three others combined who suggested the complete opposite: this would then allow me to believe that I got the balance right! The idea of country surveys, however, are to present the facts as they stand. My hope is that I did not deviate too far from this goal.

References