

Coffee, market economy and informality in late colonial Goroka, Papua New Guinea

John D. Conroy

Abstract

Set in Goroka in the highlands of Papua New Guinea (PNG) where coffee became the staple export crop after the Second World War, this paper explores how a variant of Keith Hart's informal economy emerged among indigenous Gorokans. Colonial administration was established in the region -- quickly recognized as an almost uniquely well-favoured ('lucky') place -- only during the 1930s. The attempt, bound to create friction with an Australian government intent on honouring its 'trusteeship' obligations, was made by a small group of settlers and local colonial officials to establish an 'anachronistic' white planter community. Most observers agree that, from the mid-1940s when Gorokans were introduced to monetized economic activity, and to the establishment soon after of 'European' commercial plantations and Gorokan coffee smallholdings, indigenous people moved with remarkable speed to accommodate themselves to market norms. Against this consensus it is argued here that, together with the phenomenon of widespread informality, the occurrence of hybridity in Gorokan market dealings suggests an alternative conclusion. This is that the triumph of capitalism by the time of Independence in 1975 may have been exaggerated, due to the operation of an uneasy trio of formality, informality and hybridity.

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A note on names:

'Eastern Highlands Province' (EHP) is the administrative area of contemporary PNG in which the events described took place. It is the eastern portion of the geographic 'central highlands' region of PNG. For the early-colonial period (and without considering later boundary changes) it may also be referred to here as 'Eastern Highlands District', or simply 'the Eastern Highlands'. In a manner which should be clear from context, the name 'Goroka' is used both for the principal urban centre of EHP and for its immediate district, corresponding broadly to the Goroka and Asaro Valleys. The title 'Gorokan' is reserved for indigenous inhabitants of the valleys. The terms 'European' and 'expatriate' are used for white residents (who were mostly Australian) while 'Australian' is used for the colonial government in Canberra.

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Preface

This study deals with the introduction to market economy of an isolated population, indigenous Melanesian people in and around the Goroka Valley, in what is now the Eastern Highlands Province (EHP) of Papua New Guinea (PNG). Particular attention is paid to the role of the town of Goroka, created around 1939 by Australian colonial authorities, which subsequently became the administrative and commercial hub for the province. When first contacted during the late 1920s by European gold-seekers and missionaries Gorokans had very little knowledge of the outside world and no system of monetized exchange. This account concerns their transition from subsistence agriculture to active engagement in 'the market', due primarily to their participation as growers in the international coffee trade. Coffee caused Gorokans to experience great change in their modes of livelihood and social organization; the disruption to traditional life and the necessity of adjustment led many to cope by engaging in what are called here 'informal' economic activities.

This is the third in a series of historical area studies, the others having dealt with the Gazelle Peninsula region of East New Britain in the Bismarck Archipelago (Conroy 2014a; 2014b) and the Papuan south coastal region of the New Guinea mainland (Conroy 2014c; 2015a). The central colonial places of these latter regions were, respectively, Rabaul and Port Moresby (with the latter becoming the administrative capital of the combined Territory of Papua and New Guinea in 1946, after the Pacific war). Like Rabaul, and unlike Port Moresby, Goroka and its hinterland have exhibited the characteristics of a lucky place, as described by Michael Lipton (Conroy 2014c).

The narrative is concerned particularly with the emergence of informal economic activity, as recognized by Keith Hart (1971, 1973). In previous studies cited above¹ I argued for considering economic informality in the broad, encompassing not only the

¹ This paper is the latest in a series concerned with the idea of the informal economy and its application to colonial Papua New Guinea. Since it is not entirely a 'standalone' paper, the reader will find frequent references in the text to my earlier papers. I apologise for this but have done so to avoid repeating arguments made previously. The full set of papers can be found at <http://hq.ssrn.com/submissions/MyPapers.cfm?partid=1789610>.

distinct categories of urban and rural, but also rural-urban (hinterland-settlement) relationships, while considering rural economic transformation in terms of a transition from subsistence agriculture to market exchange. Such an approach requires a broader definition of informal economy than was found in Hart's original formulation. There economic informality was introduced -- for reasons more circumstantial than theoretical -- as an urban phenomenon (Conroy 2015b, 13; 2013c, 5-6). Soon after, however, Hart acknowledged (as a member of the 'Faber mission' which visited PNG in 1972 and 1973) a distinction there between 'the modern or "formal" part of the economy' and an informal sector 'which embraces smallholder agriculture ... and many other small-scale activities in town and country' (ODG 1973, S4.2). Moreover the Faber Mission considered the notion of 'transition from subsistence' neither valid nor helpful for the analysis of PNG rural economy (Conroy 2012b, 29ff). Hart would later elaborate this view in the broader context of West Africa (Hart 1982). However for reasons previously advanced I consider 'transition' an appropriate explanatory framework for studying rural informality in late colonial PNG (Conroy 2012b, 32-35).

Over some decades Hart's informality was adopted and applied by scholars to a wide range of settings. He saw the need to generalize the concept beyond the situation of developing economies (in his original case, the early-independent state of Ghana in the second half of the 1960s). Hart came to see informality as arising from anomalies between the conceptions of whatever economic theory constitutes 'orthodoxy' in a given setting, and the messy realities observable there in practice. Such anomalies could only be accommodated by introducing the idea of *informal economy*, for

'As long as there is formal economic analysis and the *partial* institutionalization of economies around the globe along capitalist or socialist lines, there will be a need for some such remedial concept as the informal economy. Its application to concrete conditions is likely to be stimulated by palpable discrepancies between prevalent intellectual models and observed realities' (Hart 1987, italics in original).

Hart constructed his idea of informality in relation to notions of bureaucracy, starting from Hegel's dictum that 'society ... should be managed by an educated bureaucratic elite in the national interest', and noting that Max Weber had subsequently 'recognized

such a synthesis in Germany's historical experience of the nineteenth century alliance between Rhineland capitalists and Prussian bureaucracy' (Hann and Hart 2011, 30). The emergence of Weberian bureaucracy in colonies and new states was associated with the growth and elaboration of market exchange and it is important for the argument here to understand that German New Guinea had its own direct experience of Weberian bureaucracy (Conroy 2014a). Nor were the successive 'Anglo-Papuan' colonial administrations exempt from the broader trend, evident also in nineteenth century Britain and Australia, towards the bureaucratized management of public affairs (Conroy 2014c). This paper discusses the particular, somewhat unorthodox mode of bureaucracy practiced in late colonial Goroka, and with its influence on economic activity.

Bureaucracy creates rules to give *form* to its own activities and to those of whoever, or whatever, is regulated by it. In this way, for example, economic activity becomes liable to enumeration and its status as being enumerated (or not) becomes a crucial marker of its formality (or informality). There are other criteria, emerging from a diversity of empirical circumstances, but in general it is the nature of bureaucratic frameworks and activity (as informed by a dominant economic orthodoxy, or ideology) which substantially determines the character, and designation, of economic activity as being either formal or informal. Informality challenges bureaucracy by failing to *conform*. The metaphor of 'pushback' -- *kicking against the pricks* as the King James Version has it -- is employed in this study as a shorthand for such non-conformity. Unfortunately for the bureaucratic colonial state and its administrators Damascene conversions were relatively uncommon among colonized populations, whose propensity for informal action was not only persistent but had an almost microbial capacity for mutation when challenged.

Hart's 'informality' construct cannot be applied to traditional (or pre-market) forms of exchange such as occurred in pre-contact Goroka, for it had no salience there (Conroy 2013b). It became salient only with the commencement of market exchange, with the introduction of bureaucratic regulation, and with efforts by traditional subsistence agriculturalists to accommodate themselves to the modalities of markets. Such accommodation normally throws up economic informality, as indigenous people grapple with unfamiliar cultural norms of 'the market'. It also induces *hybrid* behaviour,

in situations where introduced market economic dealings sit uncomfortably alongside traditional norms, with one apt to compromise the other (Stent 1984).

The anthropological literature provides many instances of such *hybridity* in late colonial society. A development economist might regard these as arising in situations where Smithian trade is compromised by Maussian exchange (with the latter seen as the product of socially regulated customs). A (non-formalist) anthropologist might see the other side of the coin, judging that Maussian exchange (seen as a valid set of human choices) is compromised by 'the market'. Both perspectives are necessary, however, for an understanding of the reality of late-colonial PNG, where some degree of hybridity in indigenous economic behaviour was the norm. Informality is very often accompanied by hybridity, since the latter is typical of situations of social flux. On the other hand not all informal economic activity is hybrid. Such circumstances exhibit what I have called the *uneasy trio* of formality, informality and hybridity in contemporary Melanesian societies (Conroy 2015b, 26-33).

This uneasy trio was evident in the economic behaviour of Gorokans from the late colonial period. Observers such as Donaldson and Good (1988) and Hawksley (2001, 2005) have followed Finney (1973) in emphasizing the speed and success of Gorokan accommodation to market norms. However, together with the phenomenon of widespread informality, the occurrence of hybridity in Gorokan market dealings due to the continuing influence of traditional elements -- such as household subsistence production, non-market exchange, and landholding subject to customary tenure -- suggests an alternative conclusion. This is that the triumph of capitalism by the time of Independence in 1975 may have been exaggerated.

1. Colonial intrusion: 1930-1945

With little pretence to novelty in the historical narrative, this account deals briefly with the 'discovery' by Europeans of the previously unknown central highlands populations of New Guinea. For most of the inter-war period the outside world regarded the region as a void because overstretched colonial budgets and administrators' continuing preoccupation with coastal populations had combined to hinder their exploration of the interior. As late as 1927, when commercial aviation became established on the

goldfields of Wau and Bulolo at the eastern end of the central cordillera, its capacity for overflight still fell short of the altitude and range necessary to probe the central highlands. Though aircraft would soon come to play an essential role in opening the region to economic opportunity it was left to men patrolling on foot to make the initial, stunning discoveries. An account by Francis West conveys the impression these produced:

'The heart of the island of New Guinea was long supposed to be wholly mountainous and uninhabited, but in the early 1930s, shut off from the coast by high mountain ranges, great grass valleys were discovered ... green, temperate and fertile, [these] supported a greater concentration of native people than existed anywhere else in the island. The effect of their discovery was tonic ... suddenly, in the midst of this unattractive land a wonderland was found -- an area so obviously suitable for white settlement ... that the enthusiasm of the early explorers spilled over in phrases about *a new white highlands* which would be, in time, the most important part of the country ...' (West 1956, 305, emphasis added).

Highlanders themselves were not totally unaware of a larger world, for among the valuables which changed hands in their elaborate ceremonial exchanges were shell ornaments sourced from the coasts. These were obtained through chains of transactions in a network 'created by and built up of the interlocking and overlapping personal trading networks of individual men'. In the closely settled highland regions, however, such traders were seldom able to travel more than 'eight to ten miles' from home -- and then only in heavily-armed parties. Cordillera dwellers were dependent upon poorer folk in highland fringe communities who acted as intermediaries for utilitarian goods and ceremonial valuables found in the lowland forests and coastal regions. Highlanders received these from adjacent trade partners without any knowledge of the environments from which they originated or the people who produced them (Hughes 1977).

If during the 1920s some few missionaries had been aware, and officials suspected, the existence of a previously unknown 'Tibet' in the mountains, both groups had their own reasons for not publicizing the fact. In the event European missionaries and gold-

seekers preceded officials into the fringes of the region before the end of the 1920s. In 1933 a seven month patrol, the first east-west traverse through the central highlands, was made by a party led by District Officer Jim Taylor and including the brothers Mick and Dan Leahy, civilian gold prospectors. The patrol proceeded from 'Upper Ramu' (later Kainantu) at the head of the Ramu Valley (at that time the only government post established in the highlands) passing through what is now known as the Goroka Valley and to as far west as Mt. Hagen before retracing their steps. The party encountered 'elements of population groups that probably exceeded 500,000', so that 'in the space of one month ... the Government of the then mandated Territory of New Guinea had its administrative responsibility for people doubled' (Downs 1980, 175-76).

Violence occurring during the subsequent rush into the interior by missionaries and miners caused government to declare the area 'uncontrolled' in 1936. After this only Taylor and other government officers, Leahy family members (including a third brother, Jim) and some missionaries were permitted to remain, while 'pacification' of the local people proceeded.

During the Pacific War from 1941 Administration activity was confined largely to levying labour for infrastructure works and patrolling around the established government posts, Kainantu and Benabena. The latter was near modern Goroka, where the construction of a wartime airstrip would establish the township's regional primacy. Despite some episodes of Japanese bombing, the posting of some US and Australian troops to the district, episodes of introduced infectious disease requiring attention from medical patrols and some agricultural innovation, the district remained comparatively undisturbed (at least in a physical sense).

One should not think of pre-contact highland societies as static. The evidence suggests social and psychic changes of a particularly significant, non-marginal character occurring from the early 1930s (Hughes 1978, Strathern 1979). These changes were the result of new, external forces affecting indigenous social structures and exchange patterns. Such change continued throughout the war and into the post-war period, diffusing areally with the spread of colonial influence. The forces impelling change included two almost simultaneous and interacting social disruptions flowing from European contact. These were the introduction of steel tools and importation of

unprecedentedly-large quantities of the marine shells which had served traditionally as media of exchange in highland trade, and as valuables in ceremonial exchange.

Salisbury (1962) showed how the eclipse of stone axes by steel drastically reduced the time required for men to make their customary contribution to subsistence production. Their initial response was to spend much of this extra 'leisure' engaged in warfare. As pacification proceeded, energies were diverted to an 'efflorescence' of traditional exchange -- contesting for prestige and political influence through ceremonial distributions of wealth in pigs and shell valuables. Women, by contrast, did not benefit greatly from the introduction of steel. Instead they suffered escalating demands for labour to make gardens and raise pigs, in order to meet the requirements of burgeoning ceremony conducted by men. Hughes and Strathern documented the widespread occurrence of these changes throughout the highlands, amplified by the second disruption -- increased availability of shell valuables. This occurred as soon as European intruders understood how much highlanders prized the comparatively few shells they had been able to acquire through traditional channels.

Seeing the opportunity, government officers, missionaries, miners and traders alike began to import shell to trade for the labour and food supplies necessary to establish themselves in the region. At least in the beginning, small amounts of shell, of trivial cost on the coast, could buy goods and services of much greater value to Europeans. In the Eastern Highlands, 'men were prepared to work on tasks like airstrip construction for a month in return for one [egg-white cowrie] shell which cost the Europeans one shilling plus freight', while further west 'a Catholic mission station was built ... with the aid of 'thousands' of helpers paid a 'few' [small] cowrie shells per day, and the first large green-snail shells were being exchanged for pigs at the rate of one for one' (Hughes 1978, 311-12). In quite a short time the shell currency (which Hughes called 'the coin of the traditional realm') was debauched as the quantity in circulation increased, courtesy of airlifts from the coasts bearing quasi-industrial volumes of shell.

Government dealings in shell continued through the war years to finance the labour requirements for maintaining administrative control and building infrastructure, especially airstrips. Substantial imports resumed after the cessation of hostilities, since the demand for shell, especially among more recently pacified groups, continued into

the 1960s. Because of the areal diffusion process, 'sophisticates' closer to the centres of European activity were able to benefit from arbitrage, in exchanges with country cousins unaware of changing relative values caused by shell 'inflation'. Smart operators grew rich from this 'shell bubble' and local balances of political and economic power shifted. In the judgment of Ian Hughes,

'The discontinuous distribution of traditional resources and other economic and political factors had always ensured the existence of social inequalities, but a generally rough balance of mutual dependence upon neighbours was now reduced in favour of dependence upon a new elite' (*Ibid.*, 318).

Efflorescence of exchange revealed the capacity of many highland productive systems to generate substantial surpluses of vegetable foods and pig-meat, though it also revealed the limits to such 'affluence' -- in particular the constraint on production posed by demands on the labour of women. Traditional trade flows were interrupted and re-patterned, with (as suggested by Hughes) complex economic and political consequences. The emergence of Hughes's 'new elites' was associated with what Salisbury called 'political consolidation' -- the forging of larger political groupings and the ascension of leaders with greater power and influence (Salisbury 1970, 10-12; Conroy 2012b, 27-29). Among the reasons for such consolidation were flows of women and pigs to groups advantaged by access to the new supplies of shell, causing the political and economic decline of less advantaged groups. In turn, the prominence of new leaders often commended them to European authorities as interlocuters and village office-holders, further entrenching their elite status. Thus even in this pre-capitalist period, before the introduction of market exchange, inequalities in status and traditional wealth seem likely to have increased.

2. Central policy and local bureaucracy, 1945-57

If the twin ingredients of bureaucracy and market exchange are necessary for informal economic activity to occur, we should examine how each manifested in the Goroka region immediately after the Pacific War. Earlier papers in this series have pivoted on a distinction between the formal bureaucracy of colonial administrators -- corresponding to some degree with an idealized Weberian type -- and the economic informality

displayed by their indigenous charges. The necessary bureaucratic capacity was certainly present in early post-war Goroka, although applied in a particular, somewhat unorthodox and occasionally even aberrant style. This owed much to the recent military experience of officials and the circumstances of Goroka as a frontier territory. There, what Francis West (1966, 18) described as 'the most fundamental action of colonial rule', namely 'the establishment of law and order ... by peaceful penetration' was still a work in progress well into the 1950s.

Following Antonio Gramsci, Charles Hawksley has described the early post-war Eastern Highlands as a zone of 'administrative colonialism', in which policies of 'cultural hegemony' designed to establish and legitimize a capitalist state were pursued. Hawksley is introduced here because he emphasized the role of bureaucratic regulation in reshaping late-colonial Goroka. He relates how, in the *Prison Notebooks*, Gramsci had started from the proposition that 'every relationship of "hegemony" is necessarily an educational relationship', and then asked how a hypothetical "Papuan" should be educated (Hawksley 2005,1). Gramsci had wondered,

'whether ... a nation or a social group which has reached a higher degree of civilisation should not ... "accelerate" the process of education of the more backward peoples and social groups thereby appropriately universalising and translating its new experiences' (Gramsci [1999], cited by Hawksley, p.2).

Hawksley interpreted this as a 'necessary evil of colonial rule for the ultimate benefit of the ruled'. This might even justify 'a degree of force', although he stressed that administrative colonialism 'moves away from the use of physical force in favour of increasingly sophisticated techniques of social management' (Hawksley 2001,14) to which regulation and bureaucratic control are central. He argued that processes of 'forced cultural transformation as educational hegemony' occurred in the Goroka district, and with considerable success, preparing the way for highlanders to accept both the legitimacy of the introduced state and its processes of capitalist accumulation (*Ibid.*,2-3). The *kalabus*, a prison compound in each colonial outpost, became a kind of academy in which miscreants learned *tok pisin*, the lingua franca, and became socialized to colonial expectations.

Gramsci's notion of colonial hegemony as an educational relationship has some appeal. In a dozen years from 1945 (the period of Hawksley's study) Australia achieved a great deal in the Goroka region, all of it 'done with limited physical coercion, and ... achieved ... primarily through regulation and persuasion' (*Ibid.*,301). Its purpose was to create 'conditions that are safe for capital' (*Ibid.*16) and, more specifically, 'to change a society where warfare was a normal state of affairs into a stable agriculturally prosperous society obeying regulations designed to ensure compliance with colonial aims and the political economy of capitalism' (Hawksley 2005, abstract). Marxian rhetoric aside, Hawksley's 'administrative colonialism' appears broadly consistent with the trusteeship philosophy, as adopted by Australia from British colonial theory and espoused by Paul Hasluck, the most influential Australian Minister of the period. It is also compatible with the framework adopted here, one of transition from subsistence agriculture to active engagement in 'the market'.

Although Hawksley assumed no inconsistency between Australia's colonial aims and 'the political economy of capitalism', I contend that Gorokan 'capitalism' would prove compromised -- at least in the colonial period -- by the hybrid and informal nature of most indigenous market economic activities. As will be shown, the colonized proved either unable or unwilling to conform fully with the market norms and colonial bureaucratic regulation of capitalism. I also regard the commitment of successive Australian governments to 'native welfare' (and their relative success in institutionalizing this objective in policy and practice) as difficult to reconcile with wholehearted adherence to 'capitalist political economy'. It may be possible to make a distinction between a realm of good intentions, presided over by Hasluck, while maintaining the inevitability of historical processes ('the external authority of capital'). This, for example, is what Scott MacWilliam (2013) appears to have done, but I agree with John Ballard (1981a,1) that 'only those who allow of no autonomy of the state see policy-making as a totally dependent variable and outcomes as determined by social structure'. Discussion of the policy environment within which Australian administrators worked may help to clarify these issues. Hawksley's speculations concerning the aims of 'administrative colonialism' in Goroka should be evaluated in relation to global events.

At the end of the Second World War a new international orthodoxy for the conduct of colonial policy was asserted. Around the world colonialism was in retreat and an

ideology of purposive 'economic development' appeared -- a term rarely used before the 1940s, though its antecedents lay in the eighteenth century with Adam Smith's *Wealth of Nations* (Conroy 2014a). Australia 'signed on' to this new international orthodoxy very early in the post-war period, influenced by wartime events and the heady experience of participating in the post-war birth of the UN system, where in 1948 an Australian politician, H V Evatt, had become President of the UN General Assembly. These events influenced Australian attitudes to PNG, as also did positive sentiment towards the native people, for their assistance to the Australian war effort and their suffering.

To prepare its colonial bureaucracy for the task of 'development' the government established the Australian School of Pacific Administration in 1945, building links with similar institutions overseas to create what Hawksley (2001) called a 'finishing school' for Australian colonial administrators. The experience schooled many field staff in the ideology of economic development, while encouraging them to consider the question of how it might be reconciled with another policy objective, known as 'dual development'. Among the graduates was Ian Downs, who served as District Commissioner (DC) in Goroka between 1952 and 1956. Downs' own answer to that question would place him occasionally at odds with the colonial orthodoxy, as determined in Canberra and administered from Port Moresby. Since he was later commissioned to write the official history of the Australian Trusteeship (Downs 1980) his perspective is well-documented, in this and other, less formal writings (e.g., Downs 1986). His significant role in certain events discussed here requires the most careful examination of his narrative touching those matters.

As to Australia's immediate post-war aims, the highlands were not central to the concerns of the Administration in Port Moresby. The war had touched the region lightly, so that when in 1945 Minister for External Territories E J Ward announced Government's intention to increase the appropriation of resources for 'development' and to pay compensation for war damage, his concern was primarily for coastal regions. Col. J K Murray, the first Administrator of the newly-combined territories, was beset by labour and materials shortages and much criticized by coastal business interests fretting at delays in reconstruction (Conroy 2015a). In the official history Downs recorded that 'highland development was put aside because there had been little war

damage and no disruption in the lives of the people' (Downs 1980,176). Privately, however, he charged that the highlands 'had been deliberately starved of finance, kept in isolation and held back ...' (Downs 1986, 222). A sense of neglect may have encouraged some non-conformist thinking among highlands administrators; it certainly appears to have rankled with Downs, who despised those he termed 'the centralists' in Port Moresby (Downs 1986,236; also 233).

In terms of policy guidelines, even before the end of the Pacific War the Labor government in Australia made clear it had no intention of returning PNG to the status quo ante bellum. Wartime planning for the future administration of the territories had settled instead on a notion of 'the paramountcy of native interests' (MacWilliam 2013, 4). MacWilliam paraphrased a 1945 parliamentary statement by Ward: 'There would be a break with the past, when not enough had been done, and a future of "better health, better education, more participation in the wealth of their country and eventually a say in its government" for the indigenous population' (*Ibid.* 37). Again, in 1946 Ward spelled out the implications of these precepts for the balance between native agriculture and European enterprise (most importantly, the plantation sector) by articulating the policy path known as 'dual development':

'The prevention of the disintegration of the social structure and welfare of natives is of paramount importance; the basis of the economy of the territories is to be development by non-native and native industry proceeding side by side and the limits of non-native development are to be conditioned by considerations of native welfare and development' (quoted by Stanner 1953, 131).

Such guidelines were, as J D Legge observed, more 'evocative' and 'aspirational' in tone than 'empirical'. As Minister for External Territories (1951-63) in the conservative government which succeeded Labor in 1949, Paul Hasluck more commonly framed policy in terms of Australia's duty of 'trusteeship' or 'guardianship'. The latter, while not signalling any significant philosophical shift from the earlier Labor position, was a term Hasluck preferred to Labor's rhetoric (MacWilliam 2013, 82). Whether this amounted to any wholehearted commitment to the 'political economy of capitalism' may be doubted. Legge described the conservatives as more favourable than Labor to private enterprise

and, although equally committed to native welfare, less inclined to see this as the subject of indefinite subsidy. In reality 'the differences of emphasis in the general policy statements of Labor and Liberal Ministers were of little practical significance' (Legge 1956, 197-98).

An orthodoxy of economic development, informed by the 'paramountcy of native interests' and the obligation of 'guardianship', would very largely shape bureaucratic norms and procedures for the remainder of Australia's tenure as colonial power. A quickening of the pace -- a period of 'accelerated development' -- would occur during the 1960s, somewhat straining the commitment to dual development and producing political backlash when self-government was introduced in 1973 (Conroy 2015b). Nonetheless, a qualified orthodoxy of economic development, with Hasluck as its principal exponent, would be the 'prevalent economic model' (to use Hart's expression) applied in PNG during the late colonial period.

In principle, it was Port Moresby's responsibility to ensure that Canberra's writ ran in regional outposts. But Hasluck was (in modern parlance) very much a hands-on minister, so that when departures from orthodoxy became evident in the Goroka district in 1953 he found it necessary to reel in DC Downs personally for administrative decisions which he thought likely to infringe 'native interests' and the principles of 'guardianship'. In this and certain other instances the Eastern Highlands did not conform with the general rule that 'officials quite deliberately refused to provide support for those forms of commerce, mainly international and expatriate owned which were regarded as potentially destructive of village life' (MacWilliam 2013,6). For while 'development' tempered by guardianship may have been the post-war Australian colonial ideology, in Eastern Highlands practice this was coloured by a specific, local approach, reflecting what might be called the developmentalism of leading officials.

Tensions arising between central policy and local practice in the Eastern Highlands are an important theme of this study. The first major instance of local non-conformity related to the alienation of land for European settlement. In the highlands, as Charles Rowley observed, 'the land policy, at least as locally applied, was to equate white settlement with economic development' (Rowley 1965, 120 emphasis added). It was this attitude Hasluck found necessary to rein in. A second instance concerned transport

policy, specifically the building of roads and the uses to which these were put. This was a case where Hasluck found himself unable to curb the developmentalist impulses of his Goroka district administrators, supported by private business interests. The two episodes (described in some detail in S.4, below) exemplify tensions which arose between centrally-ordained policy in the 1950s -- of gradualism with 'dual development' -- and an incipient tendency (personalized here in the character of Downs) towards what would come to be known in the 1960s as 'accelerated development'.

Hasluck's policies in his earlier period had been predicated on a long time horizon and the need for gradualism to allow the native people to keep up with progress. By contrast, accelerated development was a 'big push' strategy. Implemented with World Bank guidance, it implied greater freedom for private capital in an investment program skewed towards activities and regions where marginal returns appeared likely to be greatest. To some extent these tensions were also playing out in other 'progressive' districts, and would exert pressure on Hasluck to reconsider the pace of development and the allocation of fiscal resources between districts. This was the context for his decision, shortly before the end of his ministerial term, to seek the World Bank policy advice which crystallized the 'acceleration'.

Following the precedent of the Taylor/Leahy patrol, private business activity was prominent in Goroka from the beginnings of white settlement, with the boundaries between public and private interests often fluid. For example, Col. Murray was disconcerted in 1948 to find that District Officer Taylor and a number of other serving highlands staff had taken French leave to join a short-lived gold rush at Porgera in the far west of the region (Downs 1980, 174) and by 1949 Taylor had resigned to take up land in the Asaro Valley. As Downs said of this period,

'Those best-qualified by pre-war experience to advise Colonel Murray ... had themselves become settlers or had an intention to resign to take part in business ... As early as 1949 a small group of privileged Europeans was already in a situation of "permitted occupancy" of some land areas in the highlands. They were "squatting" without land title on land close to the airfield at Goroka. The

squatters included former Administration officers and others with highland experience' (1980, 174).

In due course other senior officers would set up post-retirement careers for themselves in and around Goroka -- including Taylor's successor George Greathead, who retired with the rank of DC in 1952 and was in turn succeeded by Downs, himself to resign in a few years to become a planter. Upon retirement Downs became Chairman of the Highland Farmers and Settlers' Association (HFSA) in which all three were to play leadership roles. Before the war, and for a decade after it, the numbers of Europeans engaged in the district were small (with only 15 resident in the hamlet of Goroka in 1950 [Howlett 1976, 247]). It is remarkable to consider how few were the numbers of government officers in the early days (together with a handful of white settlers and missionaries) to implant, not so much Gramsci's 'cultural hegemony' as a particular local version of Australian colonial aims. Goroka patrol post was not recognized initially as an 'urban' place, though the Eastern Highlands District was recorded as having 363 non-indigenous residents by mid-1954, and 487 by mid-1956 (with 314 of these in Goroka subdistrict). This growth occurred during a period of 'land rush' and the initiation of commercial coffee-planting.

Despite his dismissal of 'centralist' bureaucrats in Port Moresby, Downs and his colleagues were of course bureaucrats themselves -- though of a less conformist stamp. Since it would be a contradiction, in Weberian terms, to speak of an informal bureaucracy, it might be better to describe the frontier administration in Goroka as operating in a manner somewhat unorthodox by strict bureaucratic standards. A certain 'can-do' attitude, product of improvisation necessitated by immediate post-war conditions and some degree of personal opportunism, bestowed a distinctive character on bureaucratic action in the Goroka region, where 'there was not the same hostility to capitalism displayed by the British administrative caste' (Stewart 1992,4).

The can-do approach, with a propensity to cut corners, contrasted markedly with the styles of earlier pioneering coastal administrations, both the highly formalized Teutonic bureaucracy of German New Guinea (Conroy 2014a) and the impecunious, centralized and 'correct' administrations of MacGregor and Hubert Murray in Papua (Conroy 2014c). Goroka bureaucracy in the 1950s anticipated the phase of 'accelerated

development' (which would commence more generally in the 1960s) while at the centre Paul Hasluck was still prescribing 'uniform' development. This latter term refers to efforts to achieve spatial, or geographic, equity in resource allocation. To a degree, uniform development was a corollary of dual development -- the attempt to achieve racial equity. It was clearly inconsistent, however, with accelerated development, which involved 'picking winners' for preferential treatment among PNG's regions.

3. Introducing a market economy

Although bureaucratic regulation and the introduction of market exchange are preconditions for informal economic activity it was uncommon for colonial bureaucracy to precede market economic dealings, as occurred in Goroka. In most colonies 'the market' had pre-colonial antecedents, but in Melanesia specialized traders were unknown prior to 'contact' (Conroy 2013b, 8-20) as also were monetized transactions. The late-coming colonial powers of the island Pacific accordingly found it necessary to institute market processes, since the devices of compulsion were less and less available as the twentieth century advanced, as well as being of doubtful efficacy. This was certainly true in the central highlands of PNG, where colonialism dated only from the 1930s. By that time New Guinea (where the Eastern Highlands was located) was a Mandated Territory subject to international scrutiny -- a situation which continued after the Pacific war.

We should examine how the Goroka District Office acted to stimulate a market economy among Gramsci's hypothetical 'Papuan'. Commencing with Australian efforts to monetize economic transactions, the discussion will then consider how the particular mode of bureaucracy practiced in Goroka dealt with three important and interlinked problems: finding and establishing a staple commercial crop, managing the land on which it would be grown, and facilitating its transport to export markets from a mountainous and land-locked region. These three cases will reveal something of the specific, local and somewhat unorthodox approach of Goroka-based administrators. Their methods included (at least in the early post-war period) a degree of dirigism, as 'the colonial state [in Goroka] created for itself a key role in the production, distribution and exchange of commodities' (Hawksley 2005, 3).

As early as 1945 District Officer Taylor prepared an advisory note, *Mercantile Stores and the Circulation of Coinage*. This was a 'step in creating embryonic capitalism', providing 'a linkage between local production of agricultural commodities and the consumers of the outside world' (Hawksley 2005,18). Commercial vegetable cultivation by Gorokans was seen as the first move, with the District Office making a market by acting as buyer and price-setter, and on occasion increasing prices to stimulate supply. Such intervention was not insignificant. In the first six months of 1950, before any formal agricultural extension 'the administration purchased over 550,000 lbs of native foods just from Goroka' (Hawksley 2001,324). This had precedent in the late 1930s and during the war, when administrators stimulated food production for consumption by officials, labourers and troops by offering shell for supplies. Only the intention to monetize these transactions was new. Next, passionfruit and peanuts were introduced and trialled as potential export crops, with government purchasing policies implemented to support their adoption by stabilizing markets (*Ibid.*). Such introduced activities, along with labour recruitment, provided the springboard for Gorokan engagement with the market economy. Neither passionfruit nor peanuts succeeded as export staples, though peanuts were incorporated beneficially into the Gorokan diet and became important in informal food marketing. A third crop, coffee, promised to have greater potential since it combined a high value-to-weight ratio with a promising international market in early post-war conditions.

While cash and shell continued to circulate as parallel currencies, the latter diminished in importance as the adoption of new 'valuables' rendered it less central to traditional exchange. In 1948, with the opening of Leahy's trade store, Taylor felt able to pay station labourers in cash. He also required Goroka hospital to pay cash, rather than shell, for foodstuffs (Donaldson and Good 1988,70). Government purchases of land from traditional groups, occurring from 1949, were also made with cash, as were early small purchases of 'parchment' coffee. Acceptance of Australian currency increased after 1950 as returnees from the Highlands Labour Scheme were paid off in Goroka, with much of their earnings spent locally. Their newly acquired 'trade' goods and cash were often appropriated by senior men, and banknotes, coinage and certain introduced commodities were incorporated into traditional exchange as new, or quasi-traditional

'valuables' (Strathern 1979). Some 2000 men were employed on highland plantations by 1955, paid in cash and rations.

Apart from some early instances of barter trade involving Gorokan coffee, by the time local smallholders were producing any significant volume of beans the coffee trade was almost completely monetized (aside from some petty transactions conducted by women and children). Gorokan demand for cash was stimulated by the availability of steel tools in Leahy's and other stores, while in time they also developed a taste for consumer goods and introduced foodstuffs (to which the experience of Gorokan labourers in the outside world contributed). Later, the demand for cash would be further stimulated by council head tax and school fee obligations, although the boom in indigenous coffee plantings commenced years before either of these imposts was imposed and (as discussed below) was spurred as much by considerations of prestige as by material incentives. An episode from 1953, arising from the construction of a trans-highlands road, illustrates the hybrid character of early economic transactions and the sensitivity of colonial authorities to the Gorokan psyche. DC Downs was emphatic that all workers on the road had been paid (Downs 1980,182) but this should not be understood as payment of wages in a conventional contract. At the completion of a crucial stretch he required the road-workers to be assembled by their government-appointed leaders (luluai) to attend a ceremony replete with symbolism -- mimicking the style of a ceremonial prestation. He called upon the luluai to accept payments on behalf of their followers. The media of payment consisted of 'boxes of axes, tomahawks, bush knives, gold-lip pearl shell, tobacco, and five white cotton bags of shillings from the Bank of New South Wales in Lae'. Downs distributed these valuables, traditional and neo-traditional, in accordance with the size of each group and its contribution to the work. As the ceremonial sponsor DC Downs, biggest of government 'big-men', made an opening speech to which each luluai responded after receiving his group's payment. Downs then distributed the meat of twenty pigs killed for the occasion (Cleland 2010,68-69). As a matter of form, Downs had called for the gifts to be distributed among all, but (as with the 'efflorescence' of exchange characterizing this period) senior men no doubt benefited disproportionately.

Downs had come to Goroka believing that the highlands 'desperately needed development and an exportable cash crop to satisfy the expectations of the people'

(Downs 1986,217). Coffee became the hoped-for staple and was rapidly taken up by Gorokans, although there is some debate whether its successful adoption was the product of settler enterprise assisted by bureaucratic dirigism, or was due to autonomous transition from subsistence agriculture by the people themselves. Ben Finney (1973, 53-54) stated bluntly that 'settlers started the coffee industry largely on their own and ... it was their pioneering activities that served to awaken the interest of Gorokans in coffee and thereby to make extension work easier'. Michael Bourke (1986) provided a revisionist account, challenging claims that European planters 'pioneered' coffee-growing in the Goroka district and imputing more agency to Gorokans than is commonly supposed.

Finney's account mentioned village plantings near Goroka as early as 1944-45 which he described as non-commercial. This was inconsistent with his statement (op. cit.,43) that some Gorokans were bartering cherry coffee for trade goods at the government station by 1947. If so this was probably inspired by Administration encouragement of vegetable marketing (and indeed the Eastern Highlands Administration purchased 3,200 lbs [1,450 kg] of 'parchment' coffee from villagers in 1948-49 [Hawksley 2001,337]). Bourke and Finney both attributed the earliest plantings to 'coffee patrols' conducted by wartime administrators in 1944, during which seeds were distributed to villagers in Benabena and Kainantu. The seeds were sourced from a government agricultural research station at Aiyura, near Kainantu, where experimental coffee had been planted in 1937, was bearing by 1939, and had already attracted the interest of local people by 1940 (Bourke, op. cit. 101). Bourke concluded that village coffee in the Eastern Highlands commenced in 1944, not 1952, predating the first European plantations and laying the foundations for the modern Gorokan coffee industry (*Ibid.*,102-3).

The take-up of coffee by Gorokans was rapid. A boom in their plantings was reported by 1955 even though formal agricultural extension had commenced only in 1952 (Finney, op. cit. 64). Finney praised the energy and tact of this early government extension work, which targeted willing and ambitious individuals. His account is consistent with Bourke's conclusion that the indigenous planting boom was not simply the product of formal extension but flowed from certain 'antecedent conditions'. These included 'familiarity with the crop and some very modest returns to a few leading men who had planted it during the [war] period; the experience of men who had seen the crop whilst

working as labourers at Aiyura; and the example of pioneering expatriate planters' (Bourke op. cit.,103). From an anthropological perspective, Finney also emphasized the importance of prestige-seeking behaviour among early Gorokan adopters of coffee, intent on burnishing the credentials of their descent groups and enhancing personal leadership positions within them. This was an early instance of hybridity among Gorokans adopting market behaviour.

Where Bourke emphasized coffee's take-up and autonomous expansion by Gorokans, Downs (not surprisingly) credited Administration activity. The initiative to make coffee an important export commodity and to involve the native people was taken -- in a corner-cutting exercise -- by government field staff in Goroka. It began, 'without reference to central Administration or to the headquarters of the Department of Agriculture', which still lacked expertise in the field. Meanwhile, 'the expectations of the highland people were high and time was too valuable to wait for official approval to prepare plant nurseries' (Downs 1980,180). In an exercise which would later be adduced as evidence of 'partnership' between Europeans and Gorokans, early European planters built up a seed stock by obtaining coffee seedlings, for their own use but also for distribution to their highlander neighbours. Among their motives was that this would 'lay the foundation for future coffee-trading when village trees came into production' (*Ibid.*).

Ben Finney described how the first Agricultural Officer posted to the district contributed to the widespread dissemination of coffee beyond the immediate hinterland of Goroka. When Robert Cottle arrived from Aiyura in 1952 with a brief to develop passionfruit cultivation he soon recognized constraints limiting its potential as a smallholder crop. Instead, Cottle 'chose, on his own initiative, to promote coffee in the remote areas of Goroka', thus laying the foundation for its mass adoption. Moreover, his extension methods departed radically from the pre-war practice of compulsory planting and communal responsibility (as seen for example in the Papuan Administration's unsuccessful village coconut plantations [Conroy 2014c]). Cottle convinced leading men in each area to pioneer the crop voluntarily, and provided individual guidance to them (Finney 1973, 59-61). Other, less adventurous men would adopt coffee as the crop's potential became better understood, but the 'first mover' advantage gained by individuals was in many cases sustained, with longer-term implications for economic

inequality in Gorokan society. These flowed directly (whether or not advertently) from the initiative of Cottle and subsequent extension officers.

4. Land for planters and roads for their coffee

Though controls imposed on residence in 1936 remained formally in place in the immediate post-war period there were a number of Europeans living around Goroka. These included Jim Leahy, who went on to acquire interests in commercial aviation and fuel distribution, aside from coffee and retailing. By 1952, 'there were already enough potential European settlers in the highlands (some of them government officers developing land in their spare time) to make the facade of settlement restrictions threadbare of either moral virtue or administrative effect. Pressure grew for limited European settlement to be permitted' (Downs 1980,178). Downs' use of the term 'facade' is revealing. It directs attention to the arbitrary bureaucratic processes -- more personalistic than Weberian -- which enabled a group of 'administration officers, prospectors, aviators and other "old New Guinea hands"' (Finney 1970,119) to live in and around the hamlet of Goroka, where they were 'essentially squatting on land that they were not permitted to own' (Hawksley 2005,10). Downs blamed Administrator J K Murray in Port Moresby for lacking the 'personal force' to stop this, although Murray's difficulty may have flowed from the fact that at least some of his mid-level officers had a personal interest in seeing European settlement flourish. Hawksley (2001, 407) suggested the moral ambiguity of this situation by citing the Latin maxim, *quis custodiet ipsos custodes?*

As to the 'ownership' of land, this was a grey area. As Hawksley (2001, 336) explained, in the beginning, 'Europeans with an eye for the future, such as Taylor and other former Administration officers, used their knowledge of the local area and their kudos as kiaps² and squatted on land that looked promising for future agricultural enterprises'. Pointing out the absence of bureaucratic process, Finney said (1970, 121) they 'were able to use their local influence as kiaps to buy land directly before regulation.' This is a reference

² *Kiap* (*Tok Pisin*) a government patrol officer.

to the 'direct application' system, by which customary landowners could be approached directly by land-seekers in 'an ad hoc and highly personalized manner' without initial resort to authorities (Finney 1973, 46). Efforts to regularize this situation after 1949 involved the Administration's purchasing land and granting 99 year leases to land-seekers (allowing some of the original 'squatters' to formalize their holdings). Consent by landowners to alienation and an examination of their present and future land needs were supposed to occur before such transfers were approved, though the latter test was not applied systematically. Land available for alienation was very often found in historical 'no-man's land' areas, between the territories of traditional enemy groups, for which the Administration would if necessary pay both sides. Consequently, plantations came to be located in 'buffer zones' between groups and the pattern of European settlement was one of dispersion around the Goroka region. A complicating factor was that the imposition of peace emboldened villagers to move from high ground to valley-bottom positions. Aside from reigniting old land disputes, this revealed that 'vacant' land was more scarce than early European arrivals had supposed: 'Pacification of the highlands had allowed the people to turn back and "recolonise" their own land' (Downs 1980,175).

What Ben Finney (1970, 119) called 'this trial period' ended in 1952 when the prohibition on European residence was lifted. At that point 'only about half a dozen or so' plantations totalling some 350 acres (140 ha.) had been started in and around Goroka, but when the Administration opened the area for public land applications and Jim Leahy secured a high price for his first crop, 'the scramble for coffee lands began'. Finney commented that the 'land rush of 1952-54 ... resulted in the alienation of dozens of agricultural properties in Goroka, totalling some 3,550 acres, a 10-fold increase over the acreage alienated during the previous three years' (*Ibid.*,20). Downs, who became DC in Goroka in October 1952, listed 26 Europeans for whom landholdings were registered between 1952 and 1954. In his account of this period he emphasized that 'hundreds of applications were turned away ... and the gate was firmly shut before the present and future needs of the people seemed threatened' (Downs 1980, 179).

At the time however there was disquiet. Ben Finney commented that, although the alienated area was relatively small, 'the incongruity of allowing such rapid alienation of land to continue -- or to accelerate, as many Europeans advocated -- in a region where

local population densities of several hundred people per square mile were not uncommon' and at a time of global decolonization, 'did not go unnoticed' (Finney 1970, 120). The matter had become politicized in Australia. The Minister, Paul Hasluck, admitted to having his 'suspicions ... aroused by a certain glibness in talk about "economic development"' in and around Goroka and formed the view that Downs 'had become a promoter of settlement'. Hasluck had created a land settlement board in Port Moresby in 1952 to oversee a coordinated and centralized approach to land administration, but this 'was being side-stepped'. As the Minister put it, in Goroka 'we were back to the days of "Have a yarn with the district commissioner and he will fix you up"' (Hasluck 1976, 120-21).

The Minister's account of this episode reflected his personal commitment to Eddie Ward's 'dual development'. 'What was happening ... was that the Europeans were getting all the best coffee land ... [and] the native people were being left far behind ... [while] it was doubtful whether the needs of the heavy native population for nutrition, health and social welfare were being fully foreseen and properly protected'. In 1953 Hasluck imposed a slowdown on land acquisitions to correct this imbalance, directing that additional attention be given to agricultural extension. By October 1954, despite public criticism and bureaucratic resistance, Hasluck had reaffirmed the principles of Australian land policy laid down in the New Guinea ordinance of 1922 (West 1956, 307 and n.2). This was to be implemented through a strengthened Lands Department and to involve land allocation by public tender, with rigorous procedures introduced for assessing future landowner needs. 'Downs' personal views on how to achieve development and prosperity brought his regime into direct conflict with the policies of Paul Hasluck, the careful paternalism of the Minister eventually winning the day' (Hawksley 2001,352). The area of alienated land in the district was effectively frozen and only slight increases occurred after 1954. In the end, 'after an initial explosion of interest, land policy had been brought back under central control. It was one case where the locally held hegemonic view of how development should proceed was overturned by the centre' (Hawksley 2005,12). The tension between official policy and personalistic local administration was resolved by the assertion of central authority and insistence on good bureaucratic practice. The Goroka land rush was over.

Avoiding the embarrassment of one's superiors

An anecdote from 1939 told by Ian Downs suggests a precedent for the pragmatism and opportunism of post-war highlands administration. In what is now Simbu province the 24 year-old Downs had used police power and political guile to dispense rough justice in suppressing tribal warfare (which Gramsci would have recognized as 'a necessary evil of colonial rule'). After describing the events, Downs remarked that 'the end justified what we had done ... I did not embarrass my superiors by seeking official support ... and Rabaul³ was a long way from Kundiawa' (cited Hawksley 2001, 293). This free-wheeling attitude was echoed after the war in an episode mentioned above -- Cottle's abrupt launch into indigenous coffee promotion, when 'time was too valuable to wait for official approval'.

An analogous though even more dramatic case was the initiative to construct what would become a trunk road through the highlands region. Together with the land episode the matter of the Highlands road illustrates the unorthodox, even aberrant character of early post-war administration in Goroka. Although not such a contretemps as the land issue, the road was a source of irritation to the Minister, and perhaps even a challenge to his authority. Hasluck saw a degree of myth-making in publicity generated by the affair, which he subsequently attempted to dispel (Hasluck 1976). Downs gave his own account in the official history (Downs 1980). Hasluck recalled that early in his tenure he felt burdened by infrastructural deficiencies and incapacity to fund and execute capital works. Roads were needed, but he was daunted by 'the magnitude of the claims' and the 'entrenchment of aviation'. In response he came up with a labour-intensive strategy. Rejecting 'some fanciful writing about the origins of this scheme', Hasluck asserted it had emerged from 'a conversation between Donald Cleland [who had succeeded J K Murray as Administrator] and myself ... [leading to] a ministerial direction that each district commissioner was to be instructed to encourage and direct the building of roads ... gaining the cooperation of the local people to provide the labour' (Hasluck 1976,147-48).

³ Downs was then a *kia*p of the Mandated Territory of New Guinea, headquartered in Rabaul.

Hasluck's intention had been, for the time being at least, to build 'light roads' for jeeps and motorcycles to serve administrative and social welfare needs. He emphasized this as a general principle, for which he claimed widespread success, although he singled out 'the district commissioner at Goroka' [Downs] for 'outstanding results'. Hasluck took pains, however, to point out that 'no single district commissioner was the originator of the scheme, nor was credit for its success due to only one' (Hasluck, loc. cit.). The scale of highlands road-building had exceeded any other such exercise and the Minister was claiming the credit. It was more than just a matter of scale; there was an important qualitative difference between his original conception and the final outcome. In 1954 Hasluck was incensed by a report from Goroka, cited as referring approvingly to the "increase in volume of heavy traffic [along highlands roads] created by the rapid expansion and development of this progressive district". This self-interested boosterism flew in the face of a warning Hasluck had issued earlier concerning the negative effect on indigenous morale, 'if heavy trucks run by Europeans in commercial ventures were to cut up the roads which we persuaded the villages to make for their own benefit'. For this reason 'public use of the road has to be limited' (*Ibid.*, 149-50). This proved a counsel of perfection, beyond the Minister's capacity to enforce.

In Downs' version of events, the highlands needed access to the eastern port of Lae in time for an expected surge in coffee production. He was also concerned to counter the monopoly and political influence of air transport operators, upon whom land-locked Goroka depended. Given the official, Canberra-determined policy of 'uniform development' the matter was sensitive. Downs asserted that Hasluck 'was known to be nervous of embarking on road programs ... that would later commit the Territory to vast expenditures and accelerate highland development at the expense of other areas'. Despite this, he was able to persuade Cleland in Port Moresby to approve efforts 'to explore the possibility of building a road from Goroka to reach the Markham Valley' (Downs 1980, 181). The 'exploration' of possibilities seems to have taken a rather practical turn, and 'details of highland road construction were not made public until after whole sections of road had been constructed'. Described by Downs as 'unilateral action at district level', during which 'only the Administrator was kept fully informed of what was actually taking place', thousands of labourers were deployed to complete a

motorable road of 272 kilometres east from Goroka into the Markham Valley -- the gateway to Lae -- within six months (*Ibid.*,181-83).

An act of symbolism marked the further extension of the road to the west. In November 1953, as Downs recorded, 'the District Commissioner at Goroka [Downs himself] and others (including James Lindsay Taylor, J L Leahy and George Greathead) drove ... to Mt. Hagen, over the same route as that followed by the expedition in 1933' (*Ibid.*,183).

Leahy, the miner-turned-planter and the two former colonial officers, now also in coffee, were hosted by Downs, himself soon to become a planter. Their journey might be seen as symbolic of the participation of some of these men in the original, epic east-west traverse. But it spoke just as eloquently of the fluidity, or perhaps permeability, of boundaries between public and private interests in Goroka and the ambiguous role of senior district administrators.

The road from Mt. Hagen to Goroka and on to the head of the Markham Valley knitted together an emerging system of local access roads which would prove crucial to the region's economic development. The Highlands Highway would later be constructed on the carriageway of this 'exploratory' exercise. Meanwhile road haulage commenced within the highlands, centring on Goroka, and airfreight operators were put on notice (Downs 1980, 181-85). Perhaps official suasion was effective, for airfreight costs remained essentially constant between 1953 and 1961 (West 2012,86). Downs' developmentalist agenda had been secured and Hasluck's gradualist intentions frustrated.

The road was Downs' long-held dream. As DC in the north coast port town of Madang in 1951 he had mapped out a Madang branch of the road which would link through to Kainantu while, as to the trunk road, 'I had long ago selected the main route from army contour maps and air photographs taken during the war' (Downs 1986,236). When offered a stint at headquarters early in 1952, Downs overcame his distaste for the 'entrenched centralists' in the capital because 'a transfer to Port Moresby gave me the opportunity to make the contacts I needed, particularly the personal support of the Administrator'. He made a good impression on Cleland ('from the beginning we understood each other') (Downs 1986,219-20). The implication of Downs' account is

that he and Cleland went behind Hasluck's back (another case, perhaps, of 'not embarrass[ing] my superiors by seeking official support').

Alternatively, Cleland may have thought the road exercise simply an 'exploration', but then found himself presented with a fast-moving series of facts on the ground during the short period of construction. He has been described as 'pragmatic', primarily concerned with 'the orderly development of the indigenous people', and as measuring success 'in terms of building roads, bridges and airstrips, the increase in government revenue and the expansion of the public service' (Nelson, 1993). Cleland had a high opinion of Downs (see Hasluck 1976, 120) and that good opinion may have emboldened the DC to launch this most audacious instance of Goroka administrative 'corner-cutting'. Cleland may have been pleased enough with the outcome; Hasluck was not.

Nonetheless, as Downs commented wryly: 'When our success became popular' then 'Paul Hasluck ... could take credit in parliament for what was being done. We were grateful that he did not succumb to the airline lobby and put a stop to our efforts' (Downs 1986,233).

Downs resigned in 1956 to become manager of six Goroka coffee plantations totalling 160 ha. (400 acres) of which he was part-owner, and to assume chairmanship of the Highland Farmers and Settlers Association (See Hawksley 2001, 415, n74). His departure may be seen as bringing the freewheeling period of Goroka administration to a conclusion, although what followed was not any deceleration of development. Rather it was a period during which the new policy of accelerated development (S.2, above) caused the pace elsewhere to pick up, following the precedent set by Downs in Goroka. He subsequently justified his resignation by citing the flourishing condition of Goroka town and district, and his conviction that 'I could promote this progress more effectively as a private citizen. I believed that I had already stretched the powers and duties of a district commissioner to their elastic limit'. He would be better placed in the private sector to 'face the marketing problems that would have to be overcome before coffee could make much more possible for the Highlands people' (Downs 1986, 259-60). This formulation ('the Highlands people') must be understood in terms of a particular rhetoric for which Downs was responsible, that of 'partnership' between Gorokans and Europeans in the coffee industry.

5. The rhetoric of partnership

In the official history Ian Downs constructed his road narrative in terms of a 'partnership' between Europeans and highlanders, a mutually beneficial enterprise in which 'road construction became a community effort with growing evidence of racial partnership and an end to human portage' (Downs 1980,182). He emphasized that payment was made to the 'tribal groups' conducting roadwork and to landowners for alienation of the carriageway, but that distribution of coffee seedlings and the promise of future marketing opportunities ('the main incentive for those who took part') also secured compliance (*Ibid.*,182). It was also usual to put *kalabus* labour to work around Goroka and other government stations and Downs employed this pressed labour on the roadworks, transferring prisoners for the purpose from Kainantu to a temporary camp near the Kassam Pass (Cleland 2010,25). Commentators who have described highlands traditional leadership as despotic (e.g., Salisbury 1964) or who have emphasized the power exercised by 'big-men' over their followers (e.g., Donaldson and Good 1988) would also see traditional leaders as pressing their followers into service, while benefiting disproportionately themselves from whatever payment was distributed. Such considerations suggest the value of examining the notion of *partnership*, as understood in Goroka in the 1950s, and its implications for native welfare (as well as the distribution of benefits within the Gorokan population).

Administrative style in the Goroka district during the tenure of Ian Downs was marked by this particular, local rhetoric of partnership. It was at once a variation on the theme of 'dual development', a tacit admission of the anachronistic character of any pretension to a Kenya-style 'white highlands', and an accommodation to the potentially precarious position of settlers in the midst of a dense and warlike population. More positively, Diana Howlett believed that 'partnership' could be seen as acknowledging the economic interdependence of black and white in the Goroka valley while promising a shared prosperity (Howlett 1973).

Downs and others may have promoted partnership as a riposte to Hasluck's rollback of personalistic land administration practices in Goroka. The expression appeared late in 1954, in commentary by the Eastern Highlands District Advisory Council on the new land measures. This consultative group (of which Downs was *ex officio* a member) noted

that 'implementation [of the new measures] would stop the progress of the "partnership" that had been developing between Europeans and Gorokans' (Cited Finney 1970, 121-22). Again, in his District Annual Report for 1954/55, Downs wrote that European settlers were 'a force for good' and that they were 'far removed in outlook and tradition from the prejudices of the average coastal plantation manager'. They had 'developed a conscience in respect of the native situation', making possible 'a genuine and sincere Partnership (sic) between Europeans and natives' (*Ibid.*). Capitalization suggests reification, and Partnership became central to the rhetorical armoury of highlands planters for more than a decade, as well as being advanced again, a quarter-century later, in the official history:

'Development in the highlands brought Australian settlers and the people of the country together. In 1955 the Highland Farmers and Settlers Association (HFSA) was formed as a non-racial organisation in which national farmers became prominent ... The HFSA Charter begins "We have certain obligations as citizens and settlers beyond our own self interest ..."' (Downs 1980, 185)⁴.

Partnership had merit enough to persuade otherwise critical commentators that it was 'an impressive ideology', deriving from 'certain planters and administrators turned planters ... [who] viewed their position as extending beyond short term profit making and involving additionally "aiding Gorokans to enter the money economy"' (Donaldson and Good 1988, 72). Diana Howlett (1973,258) thought the idea 'probably appropriate',

⁴ Downs also attempted, unconvincingly, to associate Hasluck with the rhetoric. He claimed that 'the Minister saw the future of the Territory in idealistic terms of a "partnership" between two racial groups, with Europeans as essential models and essential pioneers of development projects in which the people could later take part' (Downs 1980, 165). Hasluck's words as cited by Downs do not appear to employ or endorse the specific rhetoric of 'partnership' as used by the HFSA, and neither did Hasluck's own *apologia* (Hasluck 1976) endorse or even discuss 'partnership'. Similarly, Hawksley (2001,347n) spoke of the 1950s as 'the golden age of partnership envisaged by Australian Minister for Territories Paul Hasluck', though without showing that the minister ever adopted the specific, local usage common around Goroka and promoted by Downs.

at least in the early years, because it recognized the generally positive relations of settlers with landowners and the demonstration effects and technology transfer flowing from their dispersion among Gorokan villages. Ben Finney puzzled over whether to label partnership 'a cynical rationale for old fashioned land-grabbing'. In the end he accepted, as evidence of its validity, the sincerity of some of the idea's proponents, the eagerness of many highlanders to make land available and cooperate with European 'neighbours', and the rapidity with which Gorokans embraced coffee cultivation and marketing (Finney 1970, 17). By contrast, Hawksley's conclusion (2001,348) was pungent. Partnership was 'an example of mass delusion as Australian administrators and settlers went to some lengths to deny that what they were engaged in was in any way colonial'.

As early as 1956 Francis West had reported that 'an energetic administration in the Eastern Highlands District ... has tried to draw natives into partnership with Europeans in economic development'. West warned of the danger of disappointed expectations, 'caus[ing] despondency and indifference among natives who have been encouraged to enter this partnership ...' (West 1956, 310). In the event disappointments soon occurred, due to an emerging sense among Gorokans that (as Finney put it) 'the personal relationships with settlers that the Gorokans thought they were entering into when they sold their lands seldom turned out as they had hoped'. Gorokan economic achievements would become considerable in the aggregate, but individual Gorokans became increasingly aware of a 'gulf' between them and the Europeans alongside whom they grew coffee (Finney 1970, 129-31).

Finney described numerous cases of Gorokan disappointment in commonplace interactions with Europeans, such as labour hire and vegetable sales, together with lingering expectations of entitlement associated with their surrender of land to the settlers. We might see these as instances where Maussian expectations shattered on the rock of Smithian contractual understandings, held by Europeans. 'Sales' of land by Gorokans were hybrid transactions bearing a weight of expectation. They anticipated continuing relationships in which they might manipulate European neighbours much as successful Gorokan trade-partners sought advantage from exchange relationships. Indeed, 'both the settler and the land-selling group were out to exploit each other but the settler because of his economic and political power usually had the upper hand

when interests clashed' (Ibid, 130). In practice, the rules of engagement were determined by Europeans, acting on market principles of which they were the masters.

Consequently, what Downs had called a "genuine and sincere partnership between Europeans and natives" (cited by Finney 1970, 130), 'proved to be unrealistic' (Ibid.130). Conflict was inevitable. Finney reported that 'as early as 1957 settler-Gorokan relations had deteriorated to the point where the administration decided to investigate the situation', calling for reports from field officers. Over the next decade there occurred 'a general estrangement between European coffee growers and their Gorokan neighbours', worsening as plantations changed hands and new owners felt little obligation to original landowners, and as European coffee operations became increasingly corporatized and impersonal. Larger corporate plantations, appearing during the 1960s, made 'a mockery of the idea ... that plantations in Goroka would be different from those of the coast'. Most Gorokans, said Finney, regarded such enterprises as 'a final betrayal of the promises of lasting "partnership" made or implied when they sold their land' (Finney 1970,130-32).

Donaldson and Good (1988) pointed to a later phase of partnership rhetoric, commencing soon after 1957 when awareness grew that relations were turning sour. This involved a few high-performing Gorokan entrepreneurs on whom the HFSA 'deftly focused'. These were recruited to the Association from 1959 in an attempt to create a local bourgeoisie to act 'as bulwarks of the plantation system'. This was not so much an attempt to influence broad Gorokan opinion as to co-opt an emerging elite, 'so that they might "identify with European growers" and oppose any disruption of the coffee industry through the breakup of the plantations' (Ibid.,73). During this later period Finney discerned mixed motives among European coffee interests: some were still 'genuinely interested in seeing Gorokans advance', others regarded efforts to promote Gorokan advancement as "'insurance" to protect their investments'. Finney saw this latter motive as underlying recruitment of Gorokans to the HFSA (Finney 1970, 132-33), while Randal Stewart (1992,74) thought that industry pioneers in the Association had hoped to avoid big corporate interests from increasing their dominance, by facilitating the takeover of some mid-size formal plantations by local entrepreneurs. In the event, the HFSA 'remained a white dominated and white run group identified with the interests of European plantation agriculture' (Hawksley 2001,417).

At the end Downs, most vocal supporter of the concept, acknowledged the failure of 'partnership'. Relationships had soured because 'the fantasy of a genuine non-racial society was strained by *the commercial greed of both races*; particularly in the purchase and marketing of coffee' (Downs 1980,186, emphasis added). This somewhat delphic conclusion may indicate the difficulty Downs experienced in accounting for the whole episode -- in which he played so prominent a role -- in the official history. Despite the mixture of idealism and calculated self-interest involved (with the latter more apparent in hindsight than the former) Downs exercised his authorial privilege to attribute blame to both sides, describing as 'greed' the legitimate desire of Gorokan entrepreneurs to move into activities dominated by settlers. Certainly the episode suggests the need to examine the growth of Gorokan engagement in coffee-growing and ancillary activities, and how this related to the larger economy of Goroka, dominated by settlers and corporate interests.

6. Gorokans and coffee in the 'lucky place'

From 1945 Australian bureaucrats in Goroka chafed under a program of post-war reconstruction in which the highlands were accorded low priority. Then, as reconstruction gave way to the new ideology of 'economic development', these officials showed themselves unwilling to accept the implications for their district of Hasluck's policies of 'uniform' development and gradualism. Goroka became the site of initiatives which anticipated later, Territory-wide policies of 'accelerated' development. From 1947 to 1957, the Goroka district office

'went out of its way to stimulate economic growth' ... [achieving] 'a social transformation unlike any other area of PNG. It was done with a minimum of force, a maximum of effort by an understaffed and underfunded district administration, and the goal of progress was partly realised. By its own measures at least the Australian administration in the EHD was successful in ushering eastern highlanders into the international economy' (Hawksley 2001,423).

While my narrative has personalized such attitudes in the character of Ian Downs, he is better seen as holding particular values and priorities in common with his predecessors

and subordinates. These coloured the bureaucratic culture of a district which Europeans had, from the beginning, viewed as exceptionally promising. Entering the Goroka Valley in the 1930s early patrol officers and prospectors quickly recognized the physical elements of what Michael Lipton called a 'lucky place' -- a fertile, well-watered landscape with (or so it appeared) abundant areas of vacant land. It is understandable that under the new post-war orthodoxy local administrators should have seen Goroka as ripe for economic development, while smarting from perceptions of neglect at the hands of 'centralists' in the capital.

Lipton coined the *lucky place* trope in a critique of Peter Bauer, a pioneering development economist. He remarked that 'Lord Bauer is a classical economist. Enterprise, trade, enlargement of markets: these are the engines of development ... For Bauer, it is the move from subsistence to ever larger markets that counts' (Lipton 1984, 45, emphasis in original). 'Lucky place' was Lipton's shorthand for situations where classical, 'Smithian' economic theory would explain the transition of a traditional society from subsistence agriculture to market exchange and industrialization. Such places were blessed by 'the components of the classical growth pattern – initial foreign capital flows, promising and elastic export crop markets, spare land, and people able to finance savings to transform it' (*Ibid.*,50). Lipton's point was that, far from being a generally-applicable model, Bauer's classical scenario was a special case, applicable only in certain 'lucky' places (*Ibid.*,45; Conroy 2014a).

For the influential Australian economist Fred Fisk, Goroka was most assuredly such a place. He advanced a set of propositions for the New Guinea highlands founded on the presumption of such favourable conditions. In Fisk's analysis Gorokans lived in circumstances of 'subsistence affluence', a condition opportune for economic development, which he was prepared to generalize as occurring quite widely throughout PNG (Fisk 1962, 1964; Conroy 2012b). This amounted, as Diana Howlett (1973) said, to 'modernization via the addition of commercial crops to the traditional base of subsistence foodstuffs'. Fisk's model, like Bauer's, also required the elements of 'enterprise, trade [and] enlargement of markets' identified by Lipton, and his propositions were also applicable to that other lucky place, Rabaul (Conroy 2014a). By contrast, Port Moresby and its Papuan hinterland were not at all lucky in Lipton's sense. But as Bauer pointed out, 'geography is not destiny'. Port Moresby would come into its

own kind of luck after the Pacific war as the administrative and financial headquarters of the centralists whom Downs so extravagantly despised⁵ (Conroy 2014c).

An earlier explanation of phenomena such as the rapid expansion of 'peasant' coffee (and others such as Burmese smallholder rice and West African ground nuts) calls on classical economic theory and pre-dates Fisk's work in Goroka. The Burmese economist Hla Myint considered the possibility that a country ('a hitherto isolated underdeveloped country') could be opened to international trade by securing a 'vent for surplus' (Myint 1958; Conroy 2012b). This idea derived from Adam Smith via J S Mill and suggested the possibility of overcoming the narrowness of internal markets by exporting product surplus to domestic requirements. In its simplest manifestation, where the basic 'lucky place' assumptions (availability of surplus land and labour) were satisfied, the surplus could be produced 'by fairly simple methods involving no radical departure from the traditional techniques of production employed in subsistence agriculture' (Myint 1958, 328). Myint cited the historian McPhee who wrote, of the expansion of oil-palm and ground-nut exports in West Africa, that these 'made little demand on the energy and thought of the natives and they effected no revolution in the society of West Africa. That was why they were so readily grafted on the old economy and grew as they did' (McPhee 1926, 39-40).

As Fisk and Lipton claimed (and Myint understood) such a process was sustainable only insofar as adequate supplies of land and labour continued to be available (Myint 1958, 321). On the other hand, from the viewpoint of such a country, 'surplus productive capacity suitable for the export market appears as a virtually "costless" means of acquiring imports and expanding domestic economic activity' (*Ibid.*, 322). This was essentially the argument used by Fisk for certain 'affluent' populations in PNG, inhabiting what are called here 'lucky places'. Myint had painted a 'picture of discrete blocks of surplus productive capacity being drawn into a widening circle of money economy and international trade' (*Ibid.*, 330). In the context of Goroka, this process may

⁵ Port Moresby: 'a government service people factory where people excrete paper ordinances, regulations, gazettes, circular instructions and tonnes of memoranda' (Downs 1986,218).

be seen in the areal expansion of coffee production, extending from Kainantu and Goroka through the Eastern Highlands and further west to Mt. Hagen and beyond. Widening the circle was done by improving transport (feeder roads and the highway) and by other improvements to economic organization, including the availability of processing and marketing facilities and imported consumer goods. These were Bauer's 'engines of development', as described by Lipton. Such expansion could continue so long as the margin of surplus resources and a favourable population/land balance existed. Thereafter, if what Diana Howlett (1973) called 'terminal development' were to be avoided, it would be necessary to secure improvements in productivity based on 'continuous improvements in skills, more productive recombinations of factors and increasing returns' (Myint 1958,321; Conroy 2012b,10-12). This would require the 'revolution' McPhee had found lacking in West Africa.

Ben Finney and his successors

Almost all subsequent studies of the history of coffee in Goroka (including this present essay) are heavily dependent for data and case studies on the original account of Gorokan entrepreneurship by Ben Finney (1968, 1970, 1973, 1987) though most subsequent writers have taken a rather less benign view of events. Influenced by Fisk, he had an implicit notion of Goroka as lucky place, blessed by possessing 'favourable preconditions' for development. Aside from natural endowments these included the 'relatively non-disruptive' experience of early contact with European authorities, together with European provision of infrastructure and (under the rubric of 'partnership') knowledge and encouragement (Finney 1973, 124-5). Lipton had emphasized both foreign capital inflows and the propensity of local people to save for productive investment, whereas Finney gave greater weight to the latter. Employing a trope similar to Scarlett Epstein's evocation of the Tolai people as 'primitive capitalists' (Epstein 1968), Finney thought Gorokans 'pre-adapted' to commercial dealings by reason of their savings performance and investment behaviour.

Gorokans securely based in subsistence agriculture displayed a high propensity to save for investment from their early cash earnings. Finney remarked 'their ability to save their cash income, pool it, and invest it in various enterprises'. Gorokans proved to be 'conspicuous investors' (Finney 1968, 395-96); they 'valued wealth highly, and sought

the prestige that comes from accumulating and managing wealth' (*Ibid.*398). Prestige was crucial to Finney's argument and in his view Gorokans sought social prestige through the conduct of *bisnis* (introduced market economic activities). He believed prestige in traditional Gorokan society to have been more a matter of personal achievement than of familial ascription and was prepared to extend this generalization to the new realm of monetized economic activity. Gorokan society was favourable to the emergence of entrepreneurs due to its 'high degree of achieved status mobility' (*op.cit.* xix).

A brief digression may assist our reading of some Goroka commentary cited here. Finney's view of capitalist accumulation was complacent and this, together with an implicitly meritocratic view of entrepreneurial success, reflected his tolerance for economic inequalities generated during the course of 'development'. Subsequent commentators started from very different value premises. Donaldson and Good (1981, 1988) were influenced by late 1960s French Marxist anthropology to see traditional highlands status as determined primarily by ascriptive criteria, and to regard performance in the introduced market economy as determined substantially by inherited status. This revealed an ideological pre-disposition to see the foundations of 'indigenous rural capitalism' in the social structures of traditional society. Like Finney, Donaldson and Good (1988) saw traditional leadership as the precursor of modern entrepreneurship, although in other respects their analysis was very different. Whereas Finney declared Gorokans 'pre-adapted' to accumulation, one might say of Donaldson and Good that they regarded Gorokans as pre-adapted to class warfare. Their argument was unpersuasive, insofar as they failed to show that a necessary condition for the

emergence of a continuing rural capitalist class -- mechanisms for the inter-generational transmission of status and wealth -- were present in pre-contact societies⁶.

Peter Fitzpatrick (1980) enlisted planter groups such as the HFSA to the cause, observing that 'with political independence on the horizon the colonist promoted hopefully compliant bourgeois class elements by building on hierarchies and inequalities within resident social formations' (*Ibid.*,15). But he also left unanswered the most important question, whether mechanisms existed for the inter-generational transfer of private entrepreneurial status (while suggesting that formal education would enable the children of entrepreneurs to enter the state bureaucracy). By contrast, Scott MacWilliam eschewed analysis of capitalist accumulation in terms of such sociological abstractions (see MacWilliam [2013,230 n.66]) in favour of an approach where motive force was provided by the 'external authority of capital' while Charles Hawksley (2001, 2005) employed a framework of 'administrative colonialism' whose purpose was to create conditions 'safe for capital'.

One thing all these commentators had in common was distaste for the individualistic values underlying Finney's analysis. But that analysis was not exclusively individualistic, for Finney also took account of prestige attaching to groups. The achievements of an outstanding individual were reflected in the standing of his group. Gorokan investment behaviour demonstrated *hybridity*, in that no great prestige attached to the accumulation of working capital; rather Gorokans sought to possess the visible, prestigious markers of success -- coffee groves, trade stores, trucks and

⁶ Donaldson and Good scoured the PNG anthropological literature on traditional status, settling on a congenial case from the Western Highlands to illustrate their Gorokan thesis. In Mount Hagen, class formation was 'more than embryonic', and in 1930 the efforts of 'rising powerful leaders' were 'directed towards expansion and accumulation' and 'ultimately embraced ... *action in favour of the formation of what was in the process of becoming a nascent class certainly of big men but perhaps of hereditary chieftains*' (*Ibid.*,25, emphasis added). This is a generalization as tentative as it is questionable, providing pallid support for the proposition that the foundations of 'indigenous rural capitalism' were to be found in the social structures of traditional society. Rolf Gerritsen, while similarly selective in his choice of anthropological case studies, was more robust in asserting that the evolution of rural capitalism 'had a strong element of inherited advantage, a mechanism that predated the international capitalist economy penetration of the supposedly egalitarian Melanesian societies'. And, 'this factor of inherited advantage ... is becoming permanent' (Gerritsen 1979,48).

processing equipment -- and the group took pride in their accumulation by individual members. Finney emphasized the capacity of big-men to mobilize finance and labour from their followers, invoking customary ties in support of projects represented as bolstering group solidarity and prestige.

Soon after the Pacific war and into the 1950s coffee faced just such 'promising and elastic' export markets as Lipton had described, while Gorokans adopted the crop eagerly (Bourke, op. cit.). Their subsequent success would not have been possible without Hasluck's adherence to the principles of 'dual development' and his determination to prevent the destruction of Gorokan village life by any privileging of capitalist production-- illustrated by his reining-in land allocations to white planters (MacWilliam 2013,5-6). Compared with the practice of an earlier German administration in the hinterland of Rabaul, alienation was conducted (at least after the initial acquisitions) with greater regard to the future land needs of village populations. As Gorokans became engrossed in coffee they soon ceased offering for contract employment on the coast. Before long the local demand for wage labour (both on white plantations and on larger smallholdings established by some enterprising Gorokans) was filled largely by migrant workers from other, less 'lucky', places rather than by any dispossessed Gorokan rural proletariat. Nonetheless there were some seasonal workers among Gorokans from the 1950s, especially women 'who combined self-employment in cash crops at home with casual plantation work nearby. These workers took advantage of higher rates of pay for forms of piece-work during the seasonal harvest of crops such as coffee ...' (Downs 1980,165).

Expansion of indigenous coffee plantings in Goroka was the earliest manifestation of a broader phenomenon, the widespread adoption of the crop by the people of the highlands. Finney reported Gorokan production at 100 tons in 1958-59, worth almost \$41,000. Thereafter output rose rapidly as trees began to bear fruit, to 2500 tons by 1967-68, worth more than a million dollars (Finney 1973,68). Gorokans had planted almost 2 million trees by 1962, rising to almost 3.5 million only three years later and to 4.5 million by 1967. This occurred in a period of active official discouragement of indigenous plantings (to be discussed below) during which government effectively lost control of smallholder coffee. In 1967-68, as a growing proportion of these trees came into bearing, Gorokans produced an estimated 2,500 tons of parchment coffee,

amounting to more than 12 per cent of all PNG coffee production. Indigenous production quickly challenged the formal, European plantation sector. At the national level, 'by the late 1950s the acreage planted to coffee on smallholdings exceeded that on plantations, and within a few years output from these bushes surpassed the crop harvested from large holdings' (MacWilliam 2013,180-81; also table 5.1). By 1961-62 more than 60 per cent of the national acreage and some 42 per cent of output were indigenous. 'From 1966-67, when smallholders were producing 10,600 tons, to 1975-76, when they produced 29,900 tons, the growth of smallholder production was about 12 per cent per annum'. Average plantings were 450 trees per smallholder in 1977 and more than 200,000 indigenous growers were responsible for over 70 per cent of the national crop (Stewart 1992,28).

Something of the structure of the industry on the eve of Independence may be seen from data for the Eastern Highlands in 1972-73, where more than 45,000 indigenous coffee growers were reported as cultivating over 5,000 ha. of land (an average of 0.11 ha. per holding). These small planters produced more than 6,000 tons of 'green bean equivalent', averaging about 140kg each, 'a very small volume of coffee per household'. In that year the mean household return was about \$A45 (Stewart 1992,54). While that amount was small, it should be understood as providing some cash to households still firmly implanted within subsistence agriculture. Dispersion of incomes around this mean was substantial, however, as larger indigenous operators had emerged. Growing income inequality was reflected in the demand for wage labour, with Stewart reporting that, in the 1970s, of some 11,000 paid labourers working on coffee holdings perhaps 30 per cent were outside the formal plantation sector (*Ibid.*,50). These were employed informally by Gorokan *big-man*/entrepreneurs, some of whom the HFSA attempted to recruit as members from the late 1950s. Such recruitment was intended to give greater substance to the Association's 'partnership' rhetoric while prolonging the tenure of white planters.

As was his intention, Hasluck's dogged support for dual development had moderated, rather than prevented, the emergence of a capitalist plantation sector. This occurred in parallel with the smallholder operations of Gorokans, encouraging a degree of synergy between planters and smallholders. Aside from any considerations of 'partnership', active encouragement by planters of their Gorokan neighbours' plantings during the

early boom reflected their hopes for coffee-trading opportunities. Some early planters took the opportunity to provide essential marketing and processing services until sufficient scale was realized to justify the creation of specialized, corporate intermediaries, which began to emerge from 1959. The growth and elaboration of 'downstream' activities -- not seen as an immediate threat to the integrity of village life and in any case essential for the viability and growth of smallholder coffee -- was a phase of capitalist development which proceeded without hindrance from official policy during Hasluck's 'uniform' development period.

7. Advance of the Gorokan entrepreneurs

Goroka was the first town established in the highlands and, as well as becoming the centre of the coffee industry, it developed as an important transport and market centre. An indigenous population gathered in Goroka town and at the first national census in 1961 these urbanites numbered almost 1,100. The total grew to 3,900 in 1966, and then increased with astonishing rapidity to 10,500 by 1971. Despite their both being 'lucky places', Goroka developed differently from Rabaul in at least one important respect. As part of a more general exodus from Rabaul which benefited Port Moresby in particular, a few Chinese came to the highlands in the late 1950s. Chinese enterprise did not, however, play any role in acculturating highlanders to market dealings comparable with their impact on the Gazelle Peninsula (Conroy 2014b). The confrontation implicit in Downs' reference to 'greed' would be played out between Gorokans and Europeans. Meanwhile, growing economic differentiation among Gorokans themselves would provide further potential for conflict as some entrepreneurs adopted increasingly formalized modes of *bisnis*.

The town had developed a diversified economic base, founded on administration and private sector activity serving the agricultural and consumer needs of a thriving hinterland. Rural-urban economic links stimulated heavy vehicular traffic flows, including to and from Goroka's thriving urban retail produce market, where informal women 'producer-sellers' from rural areas were responsible for most trading of traditional staple foods. By 1968 Goroka also had a European population of over a thousand and Ben Finney commented on the continuing dominance there of expatriate commercial interests. Financial services, airlines, long-haul trucking, urban retail and

wholesale trade, motor vehicle distributorships, lumber yards, hotels, and other major urban businesses -- the commanding heights of the district economy -- were all in expatriate hands. 'In short, all major commercial firms are owned and controlled by Europeans, not Gorokans. Even in the coffee industry, where Gorokans have made their greatest strides, European firms and businessmen dominate' (Finney 1973,159).

Writing in 1964 Charles Rowley had described late colonial PNG as an 'obsolescent' society. In the context of Port Moresby I have explained this obsolescence as originating in the nexus between retarded urbanism, archaic processes of wage determination and low labour productivity (Conroy 2015a). But Rowley pointed to a further aspect of late colonial obsolescence:

'Probably the whole episode of white settlement in the Highlands, as a piece of administration, may be summed up as an anachronistic attempt to get capital invested in the middle of the twentieth century, in accordance with principles more applicable in its first two or three decades. The limiting of this obsolescent pioneering exercise in the unfavourable political climate of the mid-century probably marks the end of substantial white settlement on village lands'.
(Rowley 1965,121).

Despite this negative assessment Rowley believed European enterprise should have a continuing role in Goroka. 'For the sake of New Guinea's development one hopes that [the end of land alienation] will not set limits to the investment of Australian private capital. The logic of the situation suggests that the New Guinean should be the grower of export crops on his own land; and that expatriate private capital should find its field for investment in processing and finance' (Rowley, *loc. cit.*). This was a view common at the time among Goroka's Europeans. According to Finney, in the late 1960s,

'many expatriate[s] ... had expected to remain in control of their plantations, coffee factories, and exporting firms for at least the foreseeable future. They did not reckon ... on Papua New Guinea's rapid evolution to complete independence in 1975, or on the equally swift way in which the new government would push for the localization of the expatriate sector of the coffee industry' (Finney 1987,23).

Rowley's 'logic of the situation' took too little account of an emerging, more urgent reality; in parallel with the growth of expatriate-controlled downstream activities, another form of capitalist development was occurring. Increasing economic differentiation among Gorokans was producing new entrepreneurs with the wind of political change at their backs. While some 80 per cent of all indigenous adults in Eastern Highlands were engaged in coffee, mostly for very small returns, substantial inequalities among them in coffee plantings were also reflected in access to other productive assets, while young men found increasing difficulty in obtaining land to establish coffee gardens. Emergent, quasi-traditional 'big-men', whom Finney (1973) called *Bikfela man bilong bisnis*⁷ (or 'business leaders'), were not content simply to grow coffee and were preparing to challenge European commercial dominance.

In 1967, in an analysis of these business leaders, Finney selected ten men he regarded as the most prominent entrepreneurs in the district. His 'big-men' have been subject to numerous re-analyses, suggesting both the cogency of Finney's original research and the dearth of alternative data. Subsequent commentators have benefited from being able to chart very rapid change occurring between Finney's period and Independence in 1975. A number of competing concepts have been draped over the shoulders of Finney's big-men, dubbed variously as 'rural capitalists' (Gerritsen 1979), 'rich peasants' (Donaldson and Good 1988) and 'members of the indigenous bourgeoisie and would-be bourgeoisie' (MacWilliam 2013). As against a district average of about 450 trees, in 1968 these men had mean plantings of some 9,000 trees and had diversified beyond coffee with interests in trade stores, trucking, cattle and restaurants. They earned annual cash incomes of between \$4,000 and \$10,000, at a time when Gorokan per capita cash income was perhaps \$25 annually (Finney 1973,85).

Gerritsen's 'rural capitalists' were distinguished from coffee-growing 'big peasants' by earning a significant proportion of their cash income from non-agricultural activities,

⁷ *Tok pisin*, literally 'big-men of business'; *bisnis* refers to 'commercial activity' (Finney 1973).

while MacWilliam's indigenous bourgeoisie shared a common interest in 'acquir[ing] plantations being vacated by departing expatriate owner-occupiers and international firms'. 'Rich peasants' were in course of becoming 'a new class of rural capitalists' and, in the logic of class analysis, 'the existence of the rich peasants requires the existence of middle and poor peasants' (Donaldson and Good 1988,105). In each of these three studies an opposition is posited between a rich rural class consolidating and 'formalizing' itself as recognizably capitalist, and the other, lesser coffee growers who have in this study been called simply informal 'smallholders'. 'Development policy became a contested terrain, at the centre of which was the opposition between households in occupation of smallholdings, producing for immediate consumption as well as markets, and the ambitions of the indigenous capitalist class to extend its reach' (MacWilliam 2013,209).

Almost all of Finney's 'business leaders' were active in the new political institutions, the national House of Assembly and/or local government, and later in provincial government. Together with newer emerging men they would take advantage of access and information acquired in politics to benefit from economic opportunities arising in a rapidly changing environment. The redistributionist rhetoric of the Faber Report and the election of Pangu to form government in 1973 (Conroy 2015b) increased uncertainty among foreign plantation interests, leading many to divest, while the emergence of new formal modes of indigenous investment facilitated the takeover of expatriate-owned assets. Even before 1974, when the *Business Groups Incorporation Act* offered Gorokans a simplified model of incorporation, individual business leaders had been trialling other formal modes of commercial organization. This occurred through their acquiring shares in expatriate-owned enterprises or forming limited companies to acquire such enterprises (in either case, often done with the guidance of expatriates seeking to manage their own withdrawal). Whereas this was an orthodox form of incorporation, the new 'business groups' could be seen as (Peter Fitzpatrick claimed) 'an innovative development of the capitalist mode, and of the capitalist company form, to Papua New Guinea ways or to the persistence of traditional social formations' (Fitzpatrick 1980, 231) . These new entities were what is called here *hybrid*, and they would take Gorokan engagement with the formal economy to new heights.

Fitzpatrick was disillusioned to see business groups captured by big-man leaders, deploying their political influence to create 'a type of group capitalism which somehow managed to favour them in particular' (*Ibid.*233). Similarly, Scott MacWilliam remarked that 'central to the formation and operation of many of these enterprises were powerful politicians, who could attract investors from among local populations and facilitate access to state resources' (MacWilliam 2013,233). He concluded that 'an increasingly prominent indigenous bourgeoisie acquired a substantial hold upon state power just as the state was being reformed to accommodate self-government and national independence' (*Ibid.*243). A Plantation Redistribution Scheme (PRS) operating from 1974 provided an opportunity for business leaders, heading formalized business groups styled as 'development corporations', to bid for European coffee assets. The PRS also aroused hope among smallholders and landless men in village communities and ensuing debates over land redistribution were often framed in terms of 'equity' and 'efficiency'⁸. Gorokan development corporations asserted the equity of their claims (in terms of having numerous smallholder member-beneficiaries) but also their efficiency -- undertaking to maintain plantations and other productive assets as modern profitable entities, managed professionally by expatriates. The latter was an important consideration for a new government nervous about loss of export capacity. With the claims of 'poor peasants' resting simply on equity, they found it difficult to prevail in such circumstances. Cases occurred where traditional landowner groups were unable to mount credible bids for their own ancestral lands, due to inadequate organization and lack of capital. Civil disturbances ('tribal fighting') which occurred in various parts of the highlands from 1974 seem in some degree to have reflected such frustrations. The PRS was discontinued in 1980, by which time national ownership of plantations in the Eastern Highlands was substantially complete.

A severe frost in Brazilian coffee-lands in 1975, leading to high international prices, had enabled recently-acquired plantations to be paid off quickly and this good fortune entrenched the positions of a number of leading Gorokan entrepreneurs. Acquisition of 'bankable' collateral would give them access to formal finance, enabling further

⁸ see, for example, the contributions by McKillop and Lawrence in Walter (1981).

diversification of their business interests, which would come to include 'crop processing and export, transportation, trade, urban real estate and other areas of commerce' (MacWilliam 2013,233). Some adopted holding company structures with participation by expatriate business interests, hiring foreign management and professional services. In MacWilliam's view, such moves were

'made possible by representatives of the class and its small business allies gaining political power. While some of the political advance took place through gaining representation on boards, state agencies which allocate licenses and finance, a more substantial basis involved restructuring the postcolonial state itself. An especially significant instance of major changes was the establishment [after Independence] of provincial governments, which in the most advanced provinces were quickly captured by leading indigenous businessmen and their political representatives'.

It does not require acceptance of Marxian analytical frameworks or the prescriptions flowing from them to acknowledge the force of such arguments and to see how rent-seeking among the new, politically-influential class would motivate their take-up of opportunities created by political change. They reflect the political economy of the period and -- notwithstanding subsequent episodes of national-level institutional reform -- do not appear to have been discredited by more recent experience. In his retrospective account of Gorokan business achievements and prospects (based on a return visit in 1986) Ben Finney was not troubled by the evidence of inequality in access to income and productive assets resulting from these events. Instead he emphasized the still-modest consumption habits of a number of the early business leaders and their continuing genuine concern for the distribution of gains to followers, although he was disquieted by Gorokans' continuing reliance on expatriate management expertise. Where Marxian commentary focuses on the coalescence of family-based business fortunes Finney was inclined to see evidence of inter-generational failure in transmitting wealth (Finney 1987,33-37).

By the end of the colonial period Gorokan modes of engagement with the market economy had become diverse, with varying degrees of formality and informality, not only among smallholders but also among those called here 'entrepreneurs'. In most

cases it was still possible to observe evidence of continuing hybridity -- that uneasy coexistence of market dealings and traditional norms -- in the management of such affairs. In the next section it will be necessary to consider how the 'uneasy trio' of formality, informality and hybridity manifested in the run-up to Independence in 1975.

8. Formality, informality and hybridity in the coffee economy

This is not a conventional economic history. It is a case study of the emergence and character of economic informality associated with Gorokan smallholder coffee. Neither is it an account of formal industrial organization. Except to the extent necessary to explain certain implications for Gorokans, only limited attention is given here to international trade negotiations and marketing arrangements for coffee which preoccupied colonial authorities and European commercial interests from the late 1950s. The focus is more narrow, reflecting this paper's place in a series concerned with exploring the *idea of informality* in pre-colonial and colonial New Guinea.

This study has examined the growth of the coffee industry and the increasing role of smallholder producers, together with the emergence of Gorokan 'business leaders' who were men of substance in terms of the metrics of market economy. There were also female business leaders, though their numbers were much smaller and their concerns more modest, with leadership more often exerted in groups than in individual activities. In the communal savings movement known as *Wok Meri*⁹, which flourished during the ferment of the late colonial period, women met to pool the proceeds of market or coffee sales, or earnings from casual labour. Finney (1987,53) commented that the phenomenon reflected women's resentment of 'the near monopoly by men of coffee-money and business', while Lorraine Sexton (1982) described it as 'a collective effort to redress women's grievances'.

Sexton saw their activities as 'building on traditional structures, selecting elements of Western economic institutions, and creatively transforming both'. In a ritual with strong elements of hybridity, mentoring relationships between more and less well-established

⁹ *Tok pisin*, "women's work".

savings groups were cemented by 'exchanges mimicking traditional marriage payments'. In the establishment phase, loans made and repaid by members established mutual confidence, after which the group invested jointly in enterprises. Again, suggesting hybridity, success in *bisnis* was thought to require not only hard work but also adherence to prescribed ritual, while the accumulation of money and conduct of ceremonial were sources of group prestige (including vis-a-vis husbands and their lineages). Sexton (1982) reported that in the mid-1970s trucking was the most popular investment and by the end of the decade groups had invested in coffee plantations and coffee-buying, retail and wholesale stores and a leased truck, though in many cases the women had 'turned the operations over to their sons, who tend to be poor managers' (Sexton 1983). At Independence few individual women had significant business interests although thousands earned income from market sales of staple foods and introduced 'European' vegetables

Against the background of men's and women's forays into *bisnis* it is time to consider what 'formality' and 'informality' meant in Goroka by 1975. From the commencement of market exchange in the late 1940s and under the pressure of colonial bureaucracy Gorokans accommodated themselves to the unfamiliar cultural and bureaucratic norms of the market. Coffee brought great change to their modes of livelihood and social organization. The necessity for them to adjust led many to cope by engaging in informal economic activities. Moreover, because of the uneasy conjunction in their lives between market economic dealings and traditional norms, they were apt to engage in behaviours exhibiting hybridity. In the Gorokan context informality is seen here as encompassing not only the distinct categories of urban and rural, but also rural-urban relationships and activities. This is not entirely consistent with Hart's original conception (1971, 1973), although the Faber Mission (of which Hart was a member) would later adopt a more inclusive definition. The Faber team recommended to the first Somare government that the new state should nurture informal economic activity (ODG 1973; Conroy 2015b). In mapping the PNG informal 'sector' they folded indigenous urban and rural, subsistence and cash activities all into a single bundle (Conroy 2012b,29). This was appropriate to the circumstances of Goroka in that period, where the livelihoods of a multitude of coffee smallholders remained grounded in subsistence agriculture, while

the town served as a fulcrum around which their informal cash-earning activities revolved.

Gorokan coffee growing has been dubbed 'household commodity production' by Stewart (1992). This concept arose from an emphasis on the relations of production within particular 'social formations' while earlier anthropological theorizing was condemned as 'unbalanced by ... a concentration upon exchange rather than production relations' (Donaldson and Good 1988,12). Household production is also central to my analysis, although a framework of formality and informality governs the argument. Exchange is of continuing significance here, insofar as the distinction between Maussian and market exchange is essential to understanding the phenomenon of economic hybridity. Following Keith Hart (1987), I see Gorokan smallholders in the early 1970s as engaging in rural informal economic activity in a manner shaped by what he called their 'partial institutionalization' to the 'prevalent economic model' (see Preface, above). In late-colonial Goroka this model was one of economic development in an introduced capitalist economy. The informality of Gorokan economic behaviour reflected 'palpable discrepancies' between behaviour consistent with the model (*formality*) and the messy realities of Gorokan adjustment to the market (*informality*). Such discrepancies -- multiple instances of which will be discussed below -- occurred as Gorokans attempted to cope with a host of economic innovations, all governed by an imposed, regulatory framework and an unfamiliar commercial culture. In Goroka, where 'the market' was incompletely institutionalized, indigenous pushback against the colonial economic orthodoxy produced just such discrepancies as Hart had anticipated.

Innovations to which Gorokans were exposed included the introduction and elaboration of monetary exchange, technical change in agriculture (most notably, the introduction of a perennial export tree crop) and the emergence of related 'off-farm' activities in marketing and services. Following a process which had proceeded much further in the Rabaul hinterland (Conroy 2014a) many Gorokan households were building on a relatively secure subsistence base to earn cash by gardening and the sale of traditional crops, introduced vegetables and livestock, by production and post-harvest processing of coffee, and by ancillary activities including trade stores, trucking and seasonal paid labour.

Gorokan women were important in the casual plantation work force, as well being called upon to provide household labour for vegetable growing, pig-raising and maintenance of smallholder coffee gardens. Just as the early 'efflorescence' of exchange had revealed certain limits of subsistence affluence, in terms of its demands on female labour, the commercialization of Gorokan economic activity also placed great strain on women. Nonetheless, a monetized regional economic system was emerging around Goroka, on a pattern familiar from experience on the Gazelle Peninsula. There Richard Salisbury (1970) and Scarlett Epstein (1968) had found a rural informal economy in the 1960s well-articulated with its urban centre. An observation made of the Tolai people around Rabaul would become increasingly true of Gorokans: 'What is most significant for an understanding of the Tolai's adaptation to modern conditions is the way many are able to combine a number of these activities at the same time' (AL Epstein 1969,189). Such capacity in juggling activities has been described by another commentator as 'the reality of a thriving informal sector, the diversity of smallholder livelihoods combining formal and informal, farm and off-farm, urban and rural activities' (Vorley *et al.*, 2012, 11). In this understanding, informality is the space of human agency. Smallholders display agency by 'working and trading outside or at the edges of formal economic and political institutions' -- that is, working and trading informally (*ibid.* 3). The elaboration of informality under such circumstances leads to households acquiring multiple sources of livelihood, what might be termed 'portfolios' of economic activity, which may include non-monetized subsistence agriculture as well as market economic activity¹⁰.

If Gorokans were moving towards diversified economic activity, it is intriguing to consider why so many adopted informal modes of action when exemplars of formal

¹⁰ A 'portfolio' is a set of activities among which members of a household may choose to allocate their time. This does not imply any thoroughgoing neoclassical calculus, such as posited by the 'Chicago School' Nobel laureate TW Schultz (1964), in which peasants are assumed to make such decisions 'with a fine regard for marginal costs and returns'. See Conroy (2012b) for a discussion of such 'hybrid' situations in PNG agriculture.

economic activity, European plantations and businesses, were so close at hand. Perhaps they were unable, or unwilling, to emulate European models of good *form* in the conduct of *bisnis*. The argument is relatively straight-forward where we see smallholder and plantation production occurring side-by-side, as with coffee. Notionally, at least, all were engaged in a single coffee 'industry', though their operations varied greatly in terms of characteristics such as the scale and capital-intensity of production, sources of capital, relationships with downstream entities, use of purchased inputs, conditions of land tenure, and sources and conditions of employment of labour.

In neoclassical economics a 'production function' for a single-product industry specifies, as a matter of allocative efficiency, the maximum output obtainable for each feasible combination of inputs. This is a mechanistic formulation abstracting from technical and managerial issues associated with 'best practice' production. Just such issues arise, however, in explaining the diversity observable within an 'industry' such as coffee production, comprising production units which range from (at one extreme) households producing coffee as a sideline while still anchored in the subsistence economy, to capital-intensive and highly professionalized plantations located in vertically integrated entities controlled by corporate interests.

Leaving aside readily quantifiable variables such as capital- and labour-intensity, diversity within the 'industry' derived primarily from qualitative considerations, or conditions of production, such as use of family labour and/or informally-contracted labour, location on land subject to traditional tenure, and the hybridity associated with smallholder household production. We cannot describe the coffee 'industry' -- an array of producers ranging from Maussian households to Smithian conglomerates -- as a 'producer community', since they did not share common assumptions or motivations summed up in the neoclassical behavioural construct of income (or profit) maximization. Instead we observe varying degrees of formality and informality on either side of the basic divide between expatriate plantations and smallholders.

As has been shown (S.7, above) by 1975 some Gorokan business leaders, whom MacWilliam called 'accumulators', were engaged in a range of business activities, including coffee plantations much larger and more highly-capitalized than the mass of Gorokan smallholdings. These were bridging the 'basic divide' between smallholders

and planters. Some were entering into formal contractual relationships, enjoying rights and obligations under tax, land tenure, company and other legislation, while employing professional services. In growing coffee they had moved from relying on the unpaid labour of family and followers to hiring paid workers -- though these employment relationships did not usually correspond closely with the formal, contractual nature of contracts entered into by European planters. Over a longer time-span it would be possible to observe the transition of such entrepreneurs from informal sources of finance (including personal savings and the contributions of kinfolk to joint enterprises) to formal credit, although few had access to bank or trade credit as early as 1975.

As these trends continued it became possible to distinguish a continuum of formality among Gorokans themselves, ranging from accumulators at the more formal end, to (at the other extreme) 'consumer' households producing coffee to buy introduced commodities. In relation to these latter households, it is useful to recall McPhee's observation (S.6, above) that the expansion of certain exotic cash crops in West Africa 'made little demand on the energy and thought of the natives and ... that was why they were so readily grafted on the old economy'. In turn, this calls to mind a description of how, around Goroka, there was 'much spontaneous planting on small scattered plots, usually on the insecure basis of usufruct' (Howlett 1973,262). This suggests a relationship between land tenure and formality. The drive to consolidate land holdings at an economic scale was a characteristic of Gorokan business leaders on the path to formalized operations, while the mass of Gorokan growers continued to cultivate sub-economic coffee plots in a subsistence milieu. Nonetheless, as we have seen, increasing numbers of such smallholders became engaged in a portfolio of activities, albeit still grounded in subsistence agriculture, while exhibiting hybrid behaviour in terms of their continuing allocation of scarce productive resources to Maussian gift exchange.

9. Regulation and pushback

Regulatory issues are relevant to an understanding of informality in coffee, most commonly as they related to definitions of 'good practice' in agronomy, but also in relation to ineffectual official attempts to control the volume of indigenous production. To deal first with the latter issue, this occurred from 1959 with a bureaucratic initiative to wind back coffee extension services. An attempt to divert extension resources to

other cash crops and livestock, this was inspired by fear that rapid growth in smallholder coffee capacity would imperil official efforts to find overseas markets for the total (i.e., smallholder plus plantation) crop. Essentially a quantitative problem, it would also have implications for the quality of coffee produced by smallholders.

Since the potential for plantation growth was much more constrained than that of smallholders, unchecked expansion by the latter would dilute planters' share in any internationally-negotiated export quotas. Stewart described HFSA as taking an 'intensely political' stance in lobbying on this issue, while Paige West concluded the Association had influenced the official decision in its members' interests (West 2012, 273n.7). By 1961 official policy had hardened to the point of actively discouraging further smallholder plantings. Australia's accession to the International Coffee Agreement (ICA) in 1962 secured a de facto export quota for PNG coffee (Stewart 1992,94-95) but it was made conditional upon action 'to reduce the expansion of coffee production ... [and] ceasing active extension work designed to spread coffee growing among New Guineans' (Finney 1973,66).

There was a difficulty with this Australian commitment, however, for while the colonial government might abandon coffee extension efforts it lacked legal authority to prevent smallholders from planting new coffee on their own land. In the international political climate of the 1960s smallholders were in a position to call the bureaucratic bluff. Continued plantings represented their pushback against official suasion and amounted to the informal 'sector' of coffee prevailing over the formal, plantation sector.

As against this quantitative issue, there were also important qualitative considerations affecting indigenous production. Good practice in planting, husbandry and processing was not so much the subject of formal regulation as of guidance by Administration officials, particularly agricultural extension staff, and commercial coffee-buyers. During the tenure of Robert Cottle, from 1952 to 1954, early smallholder plantings were carefully supervised. Correct agronomic practices were encouraged under a regime targeting leading men, while after Cottle's departure certain individuals continued to benefit from a continuing 'big-man bias' among extension staff. But meanwhile, as officials lost control of indigenous expansion, informality in the generality of Gorokan

coffee production was signalled by smallholders' failure to conform with prescribed agronomic standards.

This failure is suggested by an account of Gorokan cultivation practices from the 1980s which (if backward extrapolation is acceptable) may be taken as a guide to conditions during the late colonial period. Among the mass of small householder growers,

'there is very little spare cash to invest back into production so that production of coffee by smallholders is extremely rudimentary involving the most elementary and inefficient machinery (such as pulpers and hoes), limited or undeveloped techniques and unskilled labour. They rarely weed and almost never mulch. Further, pruning is rarely done by smallholders. This causes lower yields, difficulties for pickers and a failure to rejuvenate the tree by providing bearing wood' (Stewart 1992,55).

Poor husbandry was due to a number of factors. Aside from the withdrawal of extension services there was also a period of sustained low coffee prices during the decade 1964-74. This discouraged 'subsistence affluent' Gorokans from investing more than minimum labour inputs into maintaining their plots, although aggregate plantings and output continued to expand, causing the quantitative issue to arise again. Confrontation between bureaucracy and informal producers was renewed in 1966-67, when coffee exports threatened to breach limits set under the first ICA agreement.

Gorokan pushback continued (described somewhat melodramatically by Stewart as a 'silent class struggle') while the HFSA renewed efforts to curb smallholder expansion. It did so under the guise of 'non-racial' regulations, which it proposed as a device to restrict indigenous output. These were to be based on a formula derived from already-existing limits imposed on the plantation sector. The attempt failed, due to a combination of factors. First, the Administration lacked capacity to restrain indigenous expansion, while regulation so prejudicial to smallholder interests ran against continuing official sentiments of 'guardianship'. Further (as occurred in the later case of the Faber Report and the 'Eight Aims' [Conroy 2015b]) other Australian agencies including the Departments of Treasury and Trade were prepared to overrule the Department of Territories over issues of economic policy. These included the anti-competitive nature of the proposed settlement, as well as concern to avoid

compromising either broader Australian interests in international trade negotiations or the longer-term fiscal sustainability of an independent PNG.

Ian Downs, still Chair of the HFSA, might thunder from Goroka that the Department of Agriculture 'should be directed to discourage forthwith the unrestrained planting which continues throughout the Territory' (cited by Stewart, 102), but as Stewart pointed out the times were not ripe for 'coercive measures'. With the Administration increasingly conscious of the approach of self-government, any action which might 'destabilise the main export crop in the Territory' could not be supported (Stewart 1992,101-03). Smallholders continued to expand plantings under an *informal* production regime typified by sub-standard husbandry, with sub-optimal yields.

Pushback and the quality of coffee processing

A perennial problem, of continuing importance in the post-colonial era, concerned quality in the *processing* of coffee. This emerged along with the decline of extension services and was exacerbated by low prices during much of the 1960s. Most importantly, however, it resulted from smallholder pushback against professional coffee buyers. While it is normal to think of bureaucracy as a public sector function, a matter such as product quality may be subject to private sector regulation (Conroy 2013c). Commercial processors of coffee acted through a Coffee Marketing Board (CMB) to determine formal grading systems and price differentials for beans. Prices received by smallholders were, however, negotiated at the roadside or at the factory door -- supposedly on formal criteria, but more often reflecting power and information imbalances between smallholders and buyers. Beans could be picked and sold at the roadside by smallholders as unprocessed, highly perishable 'cherry' coffee. Aside from sales by men, this was often done in small quantities by women and children for 'pocket-money'. Normally, however, coffee and its proceeds were considered men's *bisnis*, with rewards for women's labour distributed at men's discretion.

Processing from cherry to 'parchment' stage, involving modest investment in equipment and extra labour inputs, was also done by many smallholders, though with variable quality outcomes. Well-processed parchment could be stored, advantaging the holder -- whether smallholder or processor -- who then had discretion in deciding when to sell.

That some small growers held parchment in expectation of higher returns suggests their capacity to defer immediate income in favour of future returns, implying smallholder progress towards more formal modes of operation (and perhaps also their 'affluence' in the Fiskian sense). The final stage of processing, to exportable 'green bean', required considerable capital investment and was normally done by commercial millers. To gain premium prices, smaller European planters and some larger, more formal Gorokan producers would pay to have this done commercially.

In practice, as Stewart (1992,73) concluded, '[roadside] buyers know little about quality, test for it in a casual fashion or not at all and assume all roadside coffee is Y grade coffee and pay accordingly'. The reference is to lower-priced bean, deemed suitable only for soluble ('instant') coffee. This was the dominant element in Australian consumption, whereas plantation coffee was considered to be of higher ('appearance') quality. Under ICA quotas the latter could be sold more profitably in premium markets. But so could whatever smallholder coffee was suitable for processing to the necessary standard, suggesting that 'native' parchment, acquired cheaply, could be very profitable. Stewart suggested the paradox in this situation: 'Smallholders are continually exhorted to improve the quality of their crop but if they are always to be paid at the Y grade level then where is the incentive to do anything about quality?' (*Ibid.*). It is not difficult to see that the absence of price incentives could cause pushback behaviour among smallholders, either in terms of becoming indifferent to quality or employing deceptive practices. These included adulteration with foreign matter or concealing poorly processed ('wet') parchment in coffee bags.

In the 1960s coffee buying was a regulated occupation conducted largely by licensed Europeans, employed by processors or funded by them under 'tied' relationships. Towards the end of the decade illegal roadside buying by Gorokans appeared, a form of pushback reflecting determination to enter more profitable, downstream activities (though such 'illegals' still had to deal covertly with formal buyers or processors to on-sell their beans). Then in 1972/73, under the influence of Faber and the 'Eight Aims' local people were encouraged to apply for licenses. By 1974 new legislation had attempted to localize roadside buying of cherry and parchment completely, and to free newly-licensed indigenous buyers from restrictive ties. This proved unworkable because, lacking working capital and without assured access to processors, buyers were

caught in what Stewart called a 'pinch point', located at the factory gate. Regulations were then watered-down to legitimize processor-financing again. Stewart reported that some European and/or corporate processors assisted highlanders to purchase vehicles previously used by European buyers. The net effect of this instance of pushback was to improve the position of a new category of indigenous buyers vis-a-vis smallholders, who remained subject to bargains at least as hard as they had suffered before, while coffee processors (still largely associated with foreign interests at Independence) retained the upper hand.

Two more, closely related, instances of the pushback phenomenon occurred during 1973. In the first we see evidence of reaction against the activities of 'formalizing' highlands big-men/planters by their wage labourers and local smallholders. In the second, pushback took the form of successful political resistance to certain legislative measures secured by the political representatives of those planters. This commenced when, 'some groups, particularly big Highlands businessmen, wanted to ban the selling of cherry, because they felt that the price was too low and cherry coffee was too easily stolen and sold to passers-by' (Von Fleckenstein 1975,116). Industry sources suggested that 'hired pickers and others' were responsible for these thefts (Cartledge 1979,161). Beneath the surface, it is fair to see coffee stealing as a grass-roots reaction to growing rural inequality and the alienation of land by prominent individuals -- just as one might see those same phenomena as contributing to agrarian violence ('tribal fighting')¹¹.

Legislation passed to deal with coffee-stealing restricted the sale and purchase of cherry in specified areas, including Goroka. The victory was short-lived, the regulation being quickly amended because of political opposition from an unlikely coalition of smallholders and the CMB. Many smallholders, especially women, wished to retain the freedom to make immediate cash sales without the trouble of processing, while the

¹¹ In this period, in Goroka and elsewhere, 'members of the indigenous bourgeoisie and would-be bourgeoisie were anxious to acquire plantations being vacated by departing expatriate owner-occupiers and international firms. However the smallholder agricultural increases of the 1950s and 1960s also contributed to the land shortages and triggered clashes over the former expatriate-owned large holdings' (MacWilliam 2013, 232). Land legislation in 1974 offered 'a short-term resolution of the tussle'. This was 'made possible by the departure of European settlers who had been the owner-occupiers of estates, the surrender of unplanted acreages by major plantation companies, and the release of large areas held as government land' (*Ibid*,223).

Board expressed concern about 'the likely effect on the overall quality and price of smallholder coffee being exported and doubts ... about the return to the grower being any more favourable by producing only parchment' (Ibid.).

It is piquant that both sides -- 'formalizing' big-men and formal processors and marketers -- affected to take the high ground by expressing concern for the interests of smallholders. Processors (represented by CMB) may have been correct to assert that smallholders gained little benefit by processing to parchment stage (a conclusion supported by Von Fleckenstein's empirical observations in the Goroka Valley [*Ibid.*, 119-21]). Moreover, it was almost certainly true that commercial processing of cherry would improve quality and secure higher returns for the industry as a whole. On the other hand, given the stranglehold on downstream purchasing and processing held by corporate interests¹², it is far from clear that higher returns would have flowed back to smallholders. The ban on cherry sales may be interpreted as protecting the interests of a class of formalizing indigenous planters (who, incidentally, owned most of the small pulping machines hired by smallholders to process cherry coffee in villages). The pushback exerted against this by smallholders displayed stubborn informality, in support of their freedom to sell coffee in its least-processed (i.e., least *formal*) condition, although co-incidentally their action benefited commercial interests represented by the CMB.

In summary, episodes of pushback -- efforts to cope with bureaucratic pressures -- entrenched informality in the mass of Gorokan peasant producers. Although it is often assumed that informality will be eradicated by the forces of 'modernization', in practice it appears that informal economic activity is tenacious in the face of pressures for change. Most significant was their refusal to bend to official suasion to curtail the expansion of plantings, a resistance which assured their quantitative (if not economic) dominance of the industry. In qualitative terms, smallholders reacted against pricing policies which did not reward them for careful processing. Their consequent

¹² Stewart (1992, 65ff) explains this in terms of 'pinch points' in the purchasing/processing/marketing chain.

indifference to quality and frequent resort to deception in dealings with coffee buyers were evidence of a stubborn informality, causing a low price/minimum effort mentality to become normalized among them, cushioned by their still relatively secure base in subsistence agriculture.

Other rural behaviours suggested dissatisfaction among particular groups -- informal growers, informally-hired workers on Gorokan plantations and younger people concerned about land shortage. Coffee-stealing, and even, perhaps, some instances of tribal fighting, are also interpreted here as informal economy pushback against alienation of customary land by Gorokan entrepreneurs. Donaldson and Good (1981) identified a group of 'rural capitalists' just before Independence who were capable of 'class action' (such as opposition to regulated wage increases, office-holding, agitation in regard to law and order issues). The aborted ban on direct sale of cherry coffee was an attempt by such entrepreneurs to protect their own interests, while the political reaction against it represented the successful defence of informality in production by small growers (albeit with formal processors as unlikely allies). Illegal coffee-buying was evidence of Gorokans pushing to move 'downstream' from production to marketing, eventually ousting European buyers. To the extent this contributed to further decline in processing standards, the result may have been to entrench smallholder informality even further. Episodes discussed here give insight into what Downs (S.5, above) called 'the commercial greed of both races', which he said was particularly evident in 'the purchasing and marketing of coffee', ending for him the 'fantasy of a genuine non-racial society'. Alternatively we might be content to see these cases simply as characterizing the Gorokan atmosphere at the end of the colonial era.

10. The triumph of capitalism?

If a low price/minimum effort malaise marked much smallholder production, a similar weakness plagued Gorokan coffee planters striving towards formalized operations. This weakness could be described as a low wage/low productivity trap. As described above (S.7), the rise of Finney's *bikfela man* business leaders produced economic differentiation between Gorokans in coffee, as well as the entry of other Gorokans into downstream and service activities. While some aspiring rural capitalists appear to have been focused (as the HFSA hoped they would) on growing coffee at a scale closer to that

of European plantations, there was also another group, of more ambitious, 'formalizing' Gorokans. These extended their reach to commercial activities, such as 'private ownership of trade stores, trucking businesses, influential positions in co-operative societies or savings and loan societies' (Stewart 1992,75). This latter group will be discussed below.

Ben Finney (1969,37ff) characterized the Gorokan coffee-entrepreneurs as starved of working capital, unable to access bank or trade credit, so that cash-flow problems reduced their capacity to pay wages during the 'flush' season. Since most were unable to afford processing to green bean they also failed to secure quality premiums. They were less professional than expatriates in labour management and their hired labour was employed informally, rather than under contracts subject to supervision by labour authorities. With such labour as they could afford to employ, they were more likely than big planters to be locked into low wage/low productivity employment relations. While all planters suffered from worker antagonism, small and medium Gorokan planters were unable to manage the complexities of 'piece rate' employment. This involved payment by results and was common on larger, formal plantations, securing the highest productivity from casual workers. Costs of supervising piecework were high, 'due to the temptation of some workers to forge or steal weight receipts, to lose their copies ... or to resort to destructive or careless practices to get the berry off the tree' (Stewart 1992,49).

As with coffee-stealing, such behaviours were forms of pushback -- in this case against industrial grievances which a well-managed and capitalized plantation might handle, but which most Gorokan employers could not¹³. In consequence of this, and more broadly of their inability to realize economies of scale, small and medium Gorokan plantations were unable to escape from the intermediate position they occupied

¹³ Writing some years after Independence, and with the 'localization' of plantations essentially complete, an experienced analyst observed that 'the current breakdown of the plantation system in PNG can be related to the lack of acceptance of the status hierarchy necessary to support the system' (McKillop 1981,28).

between informal smallholders and formal plantations. Also, by reason of their comparatively greater capital investment and overheads, they were more vulnerable than smallholders to coffee price fluctuations. The latter displayed a more elastic supply response to changing prices than exhibited by Gorokan 'rural capitalist' planters, becoming at times of low prices both less willing to pick coffee and less careful in processing it. At such times many preferred to apply their labour to other activities.

Two attempts occurred in the 1960s to create larger entities capable of remedying disadvantages suffered by smallholders at the hands of coffee-buyers and processors. Documented by Finney (1969), these experiences exemplified difficulties villagers faced in coping with an unfamiliar commercial culture (S.8, above). Both episodes were settler initiatives, aiming to combine Gorokan capital in joint ventures with European management and capital and to capture for smallholders more of the 'value added' in processing. One of these, the Highlands Commodity Exchange (HCE), was an incorporated entity while the other was a kind of unincorporated partnership. Both were buoyed by initial enthusiasm and substantial Gorokan cash contributions, as smallholder groups saw the opportunity to 'own' substantial processing mills comparable with those operated by Europeans. In the event, despite reasonable commercial results and dividends in early years, HCE's new mill proved insufficiently grand to meet shareholder expectations. Their loyalty wavered and in a rather piquant situation of pushback HCE found itself having to compete with rival buyers for its *own* shareholders' coffee, and to deal with adulteration of bagged coffee purchased from them. Similarly, discontent emerged in the second joint venture because members' money was employed as working capital -- a concept difficult for smallholders to comprehend -- and had 'not gone into any visible capital asset to which they can point with pride' (*Ibid.*77-78). Both these cases seemed to illustrate a characteristically Gorokan hybrid mix of motives, in which considerations of rate-of-return on capital appeared secondary, for even 'a good return, without some visible sign of an important and successful enterprise, may not be enough to satisfy investors' (*Ibid.*,78).

In summary the evidence suggests, firstly, that informal smallholders had not internalized the market rationality required by the official orthodoxy of 'development', experiencing instead a kind of malaise, cushioned by subsistence and limiting the cash they earned from coffee. Secondly, 'formalizing' small and medium planters had

difficulty escaping limitations imposed on them by a low wage/low productivity trap. They seemed unable to overcome managerial shortcomings (seen, for example, in the informality and inefficiency of their labour-hire practices). And finally, it appeared that in two attempts to create group entities capable of remedying smallholder disadvantage a hybrid preference for prestige over income had undermined those experiments. This experience suggests how frequently in the late colonial period 'discrepancies' (to use Keith Hart's term) emerged between formal economic behaviour prescribed for Gorokans by the dominant orthodoxy and the messy reality observable in practice. Discrepancies were signalled by the frequent occurrence of pushback, exerted against an imposed regulatory framework and an unfamiliar commercial culture. For many Gorokans these were uncongenial aspects of the colonial economic orthodoxy, although most were enthusiastic about its principal plank -- 'development'. This they saw in the parochial and concrete forms of village infrastructure and growing cash crop acreages (however erratically they exploited their own acres) and their understanding of it was encapsulated in the Melanesian pidgin phrase *kirapim ples*, ('local development'). Successful Gorokan businessmen had also absorbed the rhetoric of development and their promising to deliver its local manifestations to electors was a necessary prerequisite to winning political office.

Perhaps we should look elsewhere for a more convincing demonstration of acculturation to market norms, and for evidence of Gorokans overcoming hybrid attitudes. We could, for instance, consider the activities of the other more ambitious Gorokan entrepreneurs described above (S.7). Dubbed 'rural capitalists' by Gerritsen, they nonetheless earned much of their income outside agriculture and engaged in economic activities in both Goroka town and its countryside. It may be possible to judge how far this group, seemingly more promising and progressive, was able to advance towards formal and 'businesslike' commercial dealings, untinged by hybridity. Even before the 'business groups' legislation of 1974 they had been entering into more formal, contractual relationships with European business interests and adopting corporate structures. These dealings were often assisted by Europeans, designed to protect European investments and/or to facilitate their withdrawal from PNG, while often involving retention or recruitment of expatriate managers. During the early 1970s these were among the levers prising open doors for Gorokan ownership of 'shops,

taverns, real estate, coffee buying, commercial vegetable growing, livestock raising, taxis, passenger motor vehicles, and trucks' (Donaldson and Good 1981,166). Such arrangements, together with the acquisition of urban properties suitable for leasing, encouraged some Gorokans to become *rentiers*, living off capital to a greater or less extent and displaying limited entrepreneurial creativity.

Commencing in the late colonial period, this phase of Gorokan *bisnis* accelerated quickly due to political change. As Independence approached 'the growing political and economic ascendancy of indigenous capital' gave a new meaning to Hasluck's *paramountcy of native interests*. Rather than being concerned with preserving village life and encouraging smallholder enterprise, it became 'synonymous with indigenisation and local ownership of commercial properties' (MacWilliam 2013, 238). Commentators, from Finney, to Donaldson and Good, and Fitzpatrick, have emphasized the essentially political dynamic supporting much of this business progress (S.7, above) while Scott MacWilliam was cited as remarking the electoral success of an 'indigenous bourgeoisie' and their capacity to mobilize capital from supporter groups and to 'facilitate access to state resources'. Such rent-seeking behaviour -- the pursuit of commercial advantage from an 'insider' position -- enabled this group to take advantage of opportunities arising in the political climate of the 1970s.

But in Melanesia wealth, however acquired, cannot easily be retained. Its accumulation requires strength of character to withstand Maussian pressures, as well as a Smithian capacity to manage capital. This tension was evident in Finney's Gorokan entrepreneurial biographies, and from his later account of a return visit (Finney 1973; 1987). While attempting to contend with Europeans in the domain of Smithian trade the big man-entrepreneur strove also to avoid dissipating capital under pressure of Maussian expectations. Success in *bisnis* invariably required the financial and physical support of followers, but the too-lavish reciprocal disbursement of benefits would prevent the accumulation he needed for commercial re-investment and continuing growth. Success in this delicate task required political skills to achieve the correct psychic balance of communal prestige-enhancement and limited material distribution. In the ultimate it might require the strength of will to disassociate oneself from the support group, pursuing an individualistic path in the Smithian manner, as one of those whom Charles Rowley (1965,101) had called 'isolates in charge of their own destiny'.

In time some Gorokans, in common with other highlanders and especially entrepreneur-politicians, found it advantageous to take up residence in Lae or Port Moresby to narrow their circles of obligation. Later still some would find a degree of insulation by investing in the northern Australian city of Cairns. But short of achieving some degree of social isolation, the *Bigfela man* would continue to inhabit a hybrid and insecure reality in which traditional mores co-existed uneasily with capitalist accumulation. Further, to the extent such men succeeded in conforming with the culture and norms associated with European commercial activity, their *bisnis* operations would likely continue to be characterized by varying degrees of Hart's *informality*. All this is not to deny the existence of genuine entrepreneurial achievement among some Gorokan businessmen. Rather it is intended to detail some cultural obstacles impeding more widespread success, and to suggest that Gorokan 'capitalism' proved to have been compromised -- at least in the colonial period -- by the hybrid and informal nature of most indigenous market economic activities.

In Melanesian societies the death of a big-man has often been reported as precipitating pressures for the dispersal and redistribution of his wealth. In such circumstances 'capitalists' -- whether creative and entrepreneurial, or passive *rentiers*, or politically-connected rent-seekers -- face a common problem. This is, quite simply, to establish mechanisms for the inter-generational transmission of wealth to their children (as discussed in S.6, above). Some Marxian scholars, represented most clearly in the Gorokan literature by Donaldson and Good, have assumed the problem away by asserting that traditional highlands status was determined primarily by ascription, by attributing success in the introduced market economy to inherited status, and by suggesting that accumulation in one generation would substantially benefit children of the next, providing the platform for further accumulation.

Similarly, Fitzpatrick saw capitalist accumulation as 'building on hierarchies and inequalities within resident social formations'. Ben Finney, by contrast, viewed prestige in Gorokan society as determined by personal achievement. While he may have viewed Gorokans (as a group) as being 'pre-adapted' to accumulation in each generation, he anticipated problems of succession for succeeding generations -- an issue to which he gave attention during his revisit (Finney 1987). I follow Finney in assuming an achievement-oriented status system in Goroka, and in expecting social frictions to

impede efforts to assure the inter-generational transmission of wealth. This is not to say that all successful entrepreneurs would lack wit or opportunity to advantage their offspring although it was far from clear in 1975 that social advantage, in the sense of capitalist accumulation, had, or would, become embedded among the families of entrepreneurial Gorokans. Tracking the fortunes of succeeding generations in the post-Independence period would require detailed studies combining genealogy and business history, and of sufficient scale to provide a factual base for generalization.

While wealth may not have been reliably heritable, a significant qualification may apply. Even before Independence successful Gorokans had tended to invest in human capital through the formal education of their children. In early days this involved getting them into English-medium primary schools, while later cohorts attended multi-racial 'A' and secondary institutions, with some continuing to one or other of the universities. Even later, international education options would appeal. Unlike physical or financial capital, educational capital is embodied in the young person and not susceptible to dispersal upon the parent's death. If the importance of achievement-orientation and social mobility are accepted it is easier to envisage education as the channel for transmitting status -- although if education is not accompanied by transfers of conventional capital the next generation may look elsewhere than *bisnis* for success. Young people equipped with human capital but lacking other resources might see bureaucracy or the law as more promising fields. Peter Fitzpatrick seems to have regarded these as reliable pathways, since the sons of entrepreneurs 'monopolized educational opportunities ... and, hence, monopolized advancement *in the state system*' (Fitzpatrick 1980,15, emphasis added).

This is relevant because, from the late 1960s, the 'state system' also became -- quite apart from the official salary and status rewards involved -- an entry point for business opportunities. This represented a departure from colonial orthodoxy, because:

'For most of the late colonial period Australian officials, who were not themselves members of the capitalist class ... acted as trustees for [indigenous *development*]. Their ability to do so was enhanced by regulations which prevented straddling between state employment and private accumulation.

Public officials were specifically barred from engaging in commercial activities, including farming and trading' (MacWilliam 2013,229).

MacWilliam pointed out that white officials including Downs and Greathead had resigned official positions to take up commercial opportunities (S.2, above) but that from the 1960s, 'as indigenisation of colonial administration employment occurred, legal and other barriers to straddling between state positions and private commercial activities were lowered' (*Ibid.* 232). The principal beneficiaries of this change may have been the indigenous political class, but an incoming generation of senior PNG public servants, advantaged by position and access to information, found themselves presented with abundant opportunity, which (unlike their white predecessors) they could enjoy without having to resign. With commercial bank credit readily available they were besieged by proposals from European business interests (at least some of whom were 'carpet-baggers', in the parlance of the period). Some officials benefited materially, albeit legitimately (at least in terms of the new dispensation) although the extent to which such activities represented creative entrepreneurialism, as opposed to rent-seeking or passive *rentierism*, is a matter for judgment. There was still little evidence of the corrupt alliances between lawyers, bureaucrats and politicians which are the commonplace of twenty-first century commentary. At that time, however, formal education, translated into bureaucratic office, seemed more likely to guarantee the inter-generational transmission of privilege than individual success in business. Whatever the case, the process seemed likely to be less mechanistic than that posited by Marxians relying upon supposed traditional 'social formations' for their 'hierarchies and inequalities'. And these processes would increasingly be played out on the national stage, rather than in such provincial theatres as Goroka.

11. Conclusion

A variant of Keith Hart's *informal economy* became established among the indigenous people of Goroka within two generations from their initial contact with the agents of colonialism. This occurred in parallel with their acclimatization to 'the market', as Australian administrators introduced monetized economic activities, encouraging Gorokan participation as an element of the colonial ideology of economic development. Frictions emerged, between efforts of the Australian government to honour its

trusteeship obligations by encouraging processes of 'dual' development, and the attempt by a small group of settlers and Goroka-based colonial officials to establish a somewhat anachronistic white planter community. Most observers agreed, however, that from the mid-1940s when Gorokans were introduced to 'the market', and the establishment soon after of 'European' commercial plantations and Gorokan coffee smallholdings, indigenous people moved with remarkable speed to accommodate themselves to market norms.

Against this consensus it has been argued here that the prevalence of certain phenomena in Gorokan market dealings suggests an alternative conclusion. This is that, by the time of Independence in 1975, the advance of capitalism was compromised by the pervasive influence of what has been called here the 'uneasy trio' of formality, informality and hybridity. Far from economic formality having become institutionalized, widespread informality was evident in the many instances of pushback demonstrated by Gorokans against colonial economic regulation and market norms, and by the malaise suffered by smallholders in a low price/minimum effort environment. Similarly, 'formalizing' Gorokan planters languished in a low wage/low productivity trap from which they had difficulty escaping. In general, pervasive hybridity occurred due to continuing adherence of Gorokans to Maussian norms, as distinct from the single-minded commitment to Smithian market rationality dictated by the 'economic development' orthodoxy.

Such normative dissonance was also observable, though perhaps to a lesser degree, among those Gorokans described here as having most of their business interests outside agriculture. By the time of Independence it seemed that entrepreneurial creativity would be stillborn in some of these 'business leaders', as a degree of success encouraged their adoption of rentier behaviour and continuing reliance on expatriate expertise. Others would learn to capture private benefit from politics and rent-seeking, with the result that fiscal manipulation and insider-dealing would entrench corrupt governance in the institutions they controlled while imposing heavy social costs on their electors. Even so, burdens associated with the insecurity of political tenure would challenge their capacity for lasting accumulation, so that class privilege seemed more likely in future to accrue from elite access to education (human capital) than from the inter-generational transmission of conventional capital.

Only if such phenomena are considered essential and intrinsic to capitalist 'development' should one accept the late-colonial experiment in Goroka as having exhibited organic growth consistent with the colonial ideology. By contrast, an understanding of capitalism predicated on an inherent capacity for creativity, innovation and productivity would encourage scepticism. Notwithstanding genuine entrepreneurial success among some Gorokan businessmen, one must acknowledge formidable cultural obstacles to more widespread success, and accept how far Gorokan 'capitalism' had been compromised by the hybrid and informal nature of most indigenous market economic activities on the eve of Independence.

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