

PART B

**FROM EARLY
COLONISATION TO
THE PACIFIC WAR**

CHAPTER 8

German and Australian New Guinea before the Pacific War

AS A PLACE FIT TO BE DUBBED ‘lucky’ by Michael Lipton, the colonial Gazelle Peninsula (Figure 5) exhibited ‘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’ (Lipton 1984, 45). Expatriate plantations and associated services were established and a comparatively high standard of infrastructure installed. Fertile land was available and German administrators acquiesced in the alienation of significant areas by foreign investors. External markets were generally favourable for staple export crops (copra from the late nineteenth century, cocoa in the twentieth). And the indigenous Tolai demonstrated an impressive propensity to save for investment in introduced economic activities (TS Epstein 1968; Salisbury 1970).

Albert Hahl landed on the Gazelle in 1896. He was impressed by the ‘vigour’ with which Tolai traders responded to the presence of colonists: they grew food for plantation labourers, doorknocked settlers with produce for sale and attended traditional

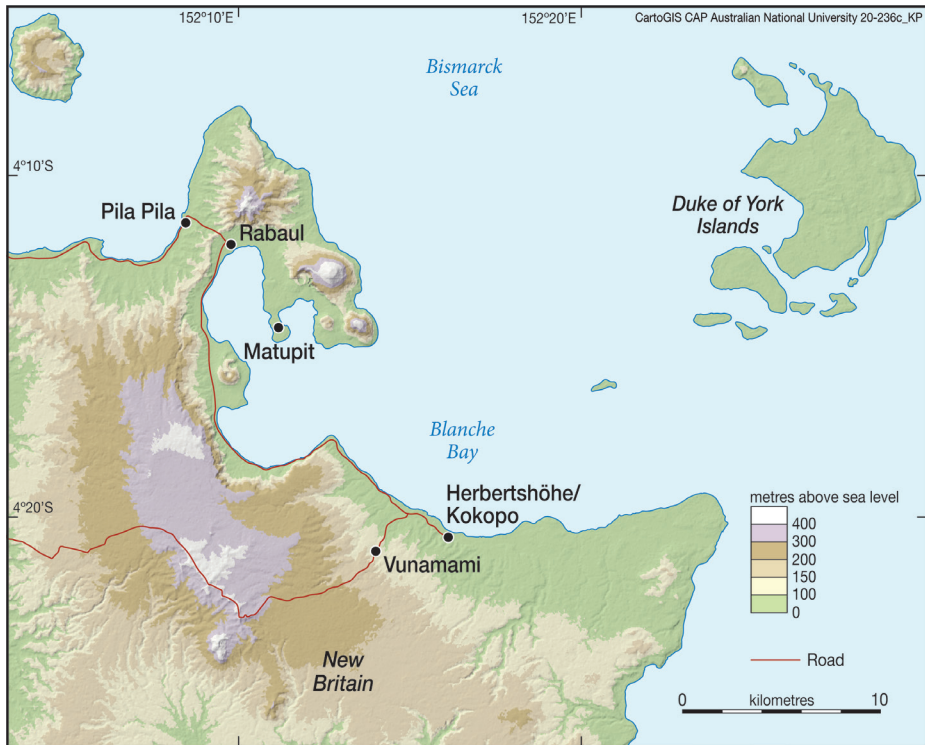


Figure 5: Rabaul and the Gazelle Peninsula

market-places in their hundreds. ‘Hahl wanted to encourage such trading and within weeks of his arrival was planning a network of roads ...’ (Firth 1983, 62). Their vigorous response to market opportunities seemed to mark Tolai out from other New Guineans:

‘all the conditions were present for a rise of indigenous productivity and an increase of wealth, but the fact that the Tolai quickly took advantage of the new opportunities whereas other groups, apparently similarly placed, did not, suggests that indigenous Tolai *pre-dispositions* have also to be brought into the equation’ (AL Epstein 1969, 21, *emphasis added*).

This view needs tempering. Gazelle traditional trade was characterised by ecologically-based specialisation, facilitated by

tambu, a shell-money medium of exchange. It was conducted through a network of customary marketplaces, where trading was essentially a secondary activity, supplementary to subsistence agriculture. I have suggested (Ch. 6) that Tolai 'boundary' marketplaces were comparable only with their *least* sophisticated equivalents in West Africa and that any overlap between Melanesian and African modes of commodity exchange was slight. Epstein's assertion of a superior Tolai predisposition to trade should be seen as applying strictly in the PNG context.

Tolai used *tambu* for many transactions, quotidian and ceremonial, facilitating both utilitarian truck and barter and the Maussian economy of *The Gift*. Debating whether *tambu* might be regarded as general purpose money is less important than accepting that the Tolai need for it cannot be analysed satisfactorily using orthodox economic concepts such as the Keynesian 'transaction' and 'asset' demands for money. The latter term is especially problematic. The word 'asset', with its implication of *commodity*, is a pallid representation of the qualities with which Tolai imagination invested *tambu*. Their use of *tambu* did demonstrate the commonly described economic attributes of currency (means of exchange, unit of account, store of value) and, consistent with her view of the Tolai as 'primitive capitalists', Scarlett Epstein (1968) tended to emphasise these utilitarian qualities. Others accepted that the value Tolai perceived in *tambu* was less material than a matter of the potential for power, prestige and influence accruing to its holder (AL Epstein 1969, 230–231). Salisbury explained that, while Tolai 'encourage people to acquire cash to buy material comforts', they 'all recognise that only *tabu* (sic) can maintain the fabric of social relationships' (Salisbury 1970, 278).

Salisbury is seen here as a precursor of informality who privileged the role of services in the transition from subsistence, as labour shifts out of agriculture (Ch. 3). Among the Tolai this occurred in 'sequences'—a notion he drew from Rostow's (1960)

‘stages of growth’. His historical account is helpful for understanding Tolai accommodation to ‘the market’. First, from about 1875 Tolai bartered surplus coconuts with Europeans for trade goods and, in a second stage, from the 1890s they expanded their plantings. Third, from the late 1930s they ‘added value’ by adopting hot-air copra driers. Finally, in the late 1950s they adopted cocoa as an export crop, together with its mechanised processing (Salisbury 1970, 13). These sequences required ‘a succession of technological changes, each one associated with a political change’ to trigger transfers of labour-time from agriculture to services. Many services were communal, involving the creation of social capital and public goods in communities. This was made possible by Tolai ‘self-sufficiency in food supplies’ (Salisbury 1971, 60). He also described individuals responding to opportunities for private profit, through what van Leur called secondary trade, causing an informal market economy to emerge in the rural hinterland of Rabaul. Salisbury showed prescience by foreseeing the possibility of what (following Geertz and Higgins) he called an urban involution of services (Ch. 3).

German national-economic purpose and the indigenous pushback

Geopolitical influences shaped colonialism in New Guinea, as German national capitalism adopted a more assertive *Weltpolitik* from the late nineteenth century. The Wilhelmine state dispensed with the *Kompagnie in 1899*, a policy shift reflecting the ‘Treitschkean formula’ (Ch. 7). By 1907 Colonial Secretary Dernburg had enunciated a quite explicitly ‘material and mercantilist’ economic ideology, defining a ‘national-economic purpose’ for Germany’s colonies. This required ‘an exchange of goods and men for culture and civilisation’ whose goal was ‘the acquisition and development of raw materials’ (Moses 1969, 53 and n46). This policy extended to GNG, providing ideological foundations for a Weberian

rational-legal bureaucracy in Rabaul. Pushback against this system would produce the particular modes of informality observable among indigenous Tolai and Chinese immigrants.

In GNG the raw material of greatest interest to Berlin was copra, for vegetable oil. Governor Hahl thought 'any real development of the country would be possible only if ... German New Guinea succeeded in bringing the natives under a well-regulated system of administration and encouraging them to work for the good of the country and thereby for their own good' (Hahl 1980, 10). Dernburg's 'scientific colonialism' allowed for production by indigenous 'peasants' as well as foreign plantations (Firth 1983, 89) but where the latter mode was preferred (as in GNG), national-economic purpose required wholesale labour recruitment. Plantation workers were to be contracted under formal indenture. Their recruitment involved varying degrees of suasion but Dernburg rationalised this as 'impart[ing] pleasure in work and gainful activity' to the colonised (cited in Moses 1969, 53).

Signing indentures represented formal compliance by a subdued population with the colonial will. But after a few years Tolai became increasingly resistant to contracted labour, an early instance of what was to become a pattern—Tolai pushback against unwelcome bureaucratic impositions. Head taxes were imposed in 1907 to make them comply, but when Hahl raised the matter at a meeting with Tolai elders he was told:

'We have the money ready and will hand it over. But we have heard that the plantations anticipate that we will now have to send our young men into employment to earn money for the tax. This will not happen. The money drops down to us from the palms which we own and which we planted at your behest' (Hahl 1980, 112).

The Tolai were in Salisbury's second 'stage', establishing copra smallholdings; it was left to other, less 'lucky' places to supply

labour. Collecting fallen coconuts, planting palms and processing copra, done by stay-at-home Tolai smallholders, were informal responses to—the repudiation of—early German attempts to impose a bureaucratic model of formal employment. Although Hahl’s initial encouragement of what he called Tolai ‘private agriculture’ was consistent with Dernburg’s ‘scientific colonialism’, it worked against the primary goal of recruiting labour. The GNG Annual Report for 1910–11 canvassed agricultural extension to increase productivity on native smallholdings, but noted that ‘European enterprises are anxious to secure the young men for themselves ... while the regular cultivation of their own land would make the people more than ever inclined to remain at home’ (cited in Rowley 1958b, 242–243).

In this period Tolai benefited from Lipton’s ‘promising and elastic export markets’ as colonial copra traders competed to buy their unprocessed coconuts. Early armed conflict suggested the wisdom of accepting Tolai as ‘peasant proprietors’ although some might be induced to perform day-labour. After the Pacific War prosperous Tolai would themselves become employers, usually of workers from elsewhere. But such arrangements would not be contracted under labour ordinances. Tolai labour-hire, like their copra production, would be informal. Consequently, from the early twentieth century the goal of bureaucratic activity became to maximise opportunity for European traders and planters in their dealings with independent native producers, who were to be cultivated as consumers. Tolai were to comply with a regulatory regime designed to achieve certain objectives, as links in a copra supply chain leading to German trading houses. Their earnings were to be recycled to those same houses as Tolai embraced new forms of consumption. This, and numerous similar instances in both the German and Australian periods, demonstrated the colonial State’s determination to provide bureaucratic protection to metropolitan capital, to the detriment of indigenous enterprise

(Ch. 2). However the Tolai response often failed to meet German expectations and their pushback threw up many instances of informal economic behaviour. GNG's Chinese community was an important influence because they often cooperated with Tolai in ways calculated to frustrate bureaucratic objectives.

Hart distinguished between 'legitimate' and 'illegitimate' informal activities, with legitimacy defined by laws and the morality of 'respectable' citizens. In Rabaul respectability resided in the small population of colonial officials, planters and traders whose bureaucratic culture set standards for economic activity. The town was stratified by race and zoned in ethnic quarters, with 'illegitimate' activity quarantined largely within its Chinatown. 'The prosperity of New Guinea lay in creating an ordered existence ... [for] New Guinea life and thought must be assimilated to that of the German people if the Reich's national ends were not to be subverted' (Hempenstall 1978, 160–161). National capitalism depended on a citizenry institutionalised to national goals and broadly accepting of the associated norms. Modern nation-states might fit this description in varying degrees but scepticism is more appropriate for colonies, in which the compliance of alien peoples was assured by real or implicit coercion. Western bureaucratic norms had no precedent while any suggestion of a 'common culture' (Ch. 7) is fanciful, at least until the appearance of an indigenous bourgeoisie. So long as people are (in Hart's terms) only 'partially institutionalised' to the economic orthodoxy of the state, their economic behaviour will display 'palpable discrepancies' in relation to the 'prevalent intellectual model' (Ch. 2). Informality will occur.

If the earliest evidence of this was seen in a Tolai preference for independent production, a later instance flowed from German efforts to substitute coinage for *tambu*. For a period after 1887, when the *Kompagnie* first circulated silver coinage on the *Gazelle*, two rival currencies competed. Authorities had earlier accepted *tambu* for taxes and fines, and in 1899 the new administration

found it necessary to pay *tambu* to induce Tolai to work on the roads (TS Epstein 1968, 35–36). It became evident that Tolai preferred shell currency in exchange for coconuts, rather than silver or trade store goods (Salisbury 1970, 284–285). Since Tolai tended to hoard *tambu* this acted as ‘a dampener on trade’ (AL Epstein 1969, 22). As international demand for vegetable oils grew the terms of trade shifted so decisively in their favour that Tolai were able ‘to *insist* on payment in their own shell-money’ (ibid., 21, emphasis added). As Stewart Firth explained, with some admiration:

‘when Europeans wanted to buy copra they had to turn to the Tolai for the necessary shells and were charged at “absurdly high” exchange rates. Playing one trader off against another, many Tolai had also persuaded their foreign customers to accept whole coconuts instead of ready-cut copra. For a colonised people who were supposed to be learning valuable habits of industry in the service of their masters the Tolai were inconveniently independent’ (Firth 1983, 69).

As *tambu* disappeared into Tolai stockpiles, its scarcity hampered copra trading. Tolai pushed back against German attempts to substitute an *ersatz* alternative and some traders were forced to finance Tolai shell-collecting expeditions or to voyage to the source themselves (TS Epstein 1968, 35). Although more *tambu* was produced, supply was relatively inelastic while demand for copra continued to rise. For a brief period at the end of the nineteenth century the exchange value of *tambu* appreciated dramatically against the German silver mark (Salisbury 1970, 284–285). Differential access to *tambu* disadvantaged major trading houses, putting pressure on the authorities, who also hoped Tolai would consume more trade goods if paid in cash. ‘Tolai control of the money supply was intolerable to the German administration, for it meant that profits went to natives rather than to planters’ (ibid.). German ordinances forbade the use of

tambu in trade with Europeans from 1901 but this measure was not wholly successful. *Tambu* continued to change hands in covert (informal) trade although the mark recovered as more copra was traded for cash. This prompted Salisbury to claim that ‘in the first tussle between Tolai and German financiers the Germans won, but only at the cost of repressive political action’ (ibid.). Salisbury’s assertion of a ‘currency war’ may perhaps be discounted as formalist exuberance although it does capture something of the difficulty the Reich experienced in institutionalising Tolai to a formal legal tender.

Similarly, the head tax of 1907 was intended to force Tolai into formal contract labour; instead it propelled them further along the path of independent (informal) smallholder production. Further disappointing the Germans, Tolai were slow to adopt new forms of consumption. They seemed to hoard cash just as they did *tambu*. After initial enthusiasm Tolai spending stalled towards the end of the nineteenth century, causing GNG to suffer a perennial shortage of specie. This forced authorities to maintain coinage in circulation by annual imports of silver. Nor did increasing cash incomes after 1901 translate immediately into higher demand, suggesting Tolai were no more malleable in serving the national-economic purpose as consumers than they had been as labourers. However Scarlett Epstein (1968, 41) calculated a threefold increase in their purchases of clothes and textiles between 1905 and 1913, suggesting that by the end of the German period Tolai had come to appreciate a wider range of commodities.

Further discussion of German attempts at bureaucratic control of trade between 1907 and the outbreak of the Great War is provided in Chapter 9, dealing with the Chinese. This is appropriate because the primary goal of much regulatory effort was to formalise (and thereby to contain) burgeoning Chinese economic activity, in favour of European interests. Tolai were affected by these restrictions and many colluded with Chinese to

avoid mutually-irksome regulation. Discussion of Chinese activities will reveal the synergy involved in Tolai-Chinese economic relationships and will emphasise their largely informal character, by comparison with the formality of European enterprise.

By the outbreak of war and the Australian invasion, Tolai engagement with the market economy included production and processing of copra, various forms of service activity, and wage labour. Village production of copra in the Bismarcks totalled 5,000 tons, some 80 per cent by Tolai, while from 1896 to 1913 the per capita value of their copra almost quadrupled (TS Epstein 1968, 40–41). In Vunamami, ‘around 1910 rich men began buying horses and buggies’ and were building metal-roofed houses. Tolai house-building and church construction suggested that ‘many Tolai had invested in tool kits and were in business on their own account’ (Salisbury 1970, 243). The volume of foodstuffs produced for market continued to increase to meet the needs of a growing plantation labour force, while the informal marketplace in Rabaul had become an important food source for the European, Chinese and non-Tolai populations. In the peri-urban village of Matupit people engaged with the urban economy through various forms of ‘off-farm’ formal wage employment (ship-building, stevedoring, ships services and domestic service) as well as vending their garden produce and fish (AL Epstein 1969). By 1914 rural informal economic activity was well-established, albeit with varying degrees of engagement as between emerging Tolai entrepreneurs and their fellow villagers, and between coastal and peri-urban communities and the more remote villages of the interior.

The Australians in New Guinea

The Germans were ousted in 1914 but although the incoming military administration might adopt a new, Australian ‘national-economic purpose’, the Germanic bureaucratic culture remained. Believing

their contracts no longer binding, many labourers ‘deserted’. They were soon put right: ‘the new colonial masters went to considerable trouble explaining ... that, although the Germans were no longer in control ... “the situation was just the same as before”’. It was the old colonial order under new management’ (Firth 1983, 2). It appears Colonel William Holmes, the Australian Commander, had only ‘vague’ instructions. ‘He was to seize and occupy. The task then was to maintain a colonial asset in good working order, with an eye to international law’ (Rowley 1958b, 3). Although Australia’s international obligations would be defined in 1921 by a League of Nations mandate there emerged an essential continuity of policy and practice, underpinned by an Australian nationalist economic agenda:

‘policy statements, legislation and known practice indicate that up to the Australian occupation ... the German administration put the emphasis quite heavily on economic expediency. Australian policy statements and legislation suggest that German practices were retained ... under the Australian military administration ... [and] that the practice during most of the Mandate period was at least as heavily weighted in the interests of profit-seekers as it had been in German times: and the protection perhaps less effectively exercised’ (Rowley 1965, 90–91).

Continuity of objectives is less important than the degree to which bureaucratic culture was maintained. Holmes noted it was necessary ‘to carry out my mission with as little damage as possible, and with as little interference with existing customs and methods of administration, and with trade and commerce ...’. He concentrated on restoring supply chains for copra and the materials and trade goods necessary to maintain economic life (cited in Rowley 1965, 5). The Australian Command ‘wrote into the Treaty of Capitulation special terms to guarantee the

greatest possible continuity in administration'. One clause stated that 'local laws and customs were to remain in force, in so far as they were not inconsistent with the military situation'. German civil officials were to act in an 'advisory' capacity while German planters continued working their holdings. Many increased their plantings, whether because of confidence in an ultimate German victory, or perhaps the belief (mistaken, as it turned out) that any peace settlement would protect their interests. As a result 'the military regime swung into action under the tutelage of those German officials who chose to remain', while 'clearing and planting activities were again resumed'. The administration gave priority to maintaining the economic value of its new territory (Reed 1943, 157–58).

When the Australian military administration yielded to civil control in 1921, 'the Commonwealth was more interested in seizing control of German assets than in the type of administration to be set up'. In fact, 'there was no real break between occupation and mandate administrations' (*ibid.*, 33). Reed observed that, 'in the sphere of native administration, the period from 1914 to 1921 saw few new European innovations or adjustments', as the Australians 'exerted their strength to preserve the social order built up by the Germans' (*ibid.*, 160). Although a recognisably Germanic bureaucratic culture was maintained, Dernburg's 'national-economic purpose' was succeeded by an Australian design for expropriation. Australia's own 'national purpose' became explicit when German mercantile assets fell cheaply into Australian corporate hands. Settlement of Australian ex-servicemen on German plantations achieved a politically popular distribution of spoils, while assuring the Australian character of New Guinea as a buffer against future military threats to the mainland. Meanwhile a Germanic bureaucratic culture, in reaction to which informality had emerged, continued to hold sway.

The experience of stagnation

At the time of the Australian invasion Tolai were experiencing Salisbury's second 'stage', with the emergence of service and off-farm economic activities. These are interpreted here as rural informality, conducted as secondary trade. Much later, in the early 1960s, Salisbury described them as undergoing a fourth stage of their 'service-driven' economy. To achieve continuing progress in the face of a burgeoning population they would need further technological innovation and political consolidation (Salisbury 1971). A less benign set of possibilities also existed. These could lead to economic stagnation due to some combination of population growth, natural disaster, political regression or failure to identify and exploit new technologies. Such reverses might lead to rural distress, impelling rural-urban migration and the emergence of an 'involution of services' in Rabaul. Precedent for so dismal a scenario could be found in a period of stagnation experienced by the Tolai between 1921 and 1935 (Salisbury 1970).

Before the Australian takeover Rabaul had been central to German operations in the Pacific. Close to major shipping routes, it was a strategic base for the Imperial Navy's East Asia Squadron. Norddeutscher Lloyd was subsidised by the Reich to maintain inter-island and international services around Rabaul as a hub and most of the trade of the region passed through its harbour. With the Australian invasion these arrangements ceased. Rabaul was reduced to the status of 'a terminal port with an inter-island connection' (AL Epstein 1969, 26) imposing additional costs on traders and producers. Although the war period saw generally rising copra volumes and prices it was unfortunate for Tolai producers that these events occurred in a regulatory environment tilting towards the interests of European copra traders. Cost pressures increased again after 1920, when protectionist provisions of the Australian *Navigation Act* were applied to New Guinea. This coincided with a copra price slump, and disrupted production on

German plantations undergoing expropriation. The legislative changes were repealed in 1925 but in the interim Australian carriers had become entrenched, while regulation of copra buying and trade store operations to favour European interests intensified. By 1922 the coastal village of Vunamami, with prices for its copra and consumer goods regulated and independent (Chinese) copra buyers excluded, 'had become a captive labour force for the plantation' (Salisbury 1970, 124). Whether or not employed by planters, Tolai were increasingly bound to them. These circumstances, general throughout the Gazelle, ushered in a period of stasis during which 'increasingly direct administration from Australia and a lack of technological innovation brought Tolai society into an incipient phase of involution. Both technological and political change was needed to reverse the process' (Salisbury 1971, 65, n3).

Stasis was prolonged by the Great Depression and Tolai were not the only parties affected. Many independent European planters were bankrupted and their plantations fell into corporate hands, while much Chinese commercial activity stalled due to the combination of discriminatory regulation and conglomerate market power. During this period formal copra production increased as wartime and early post-war plantings came to maturity, causing demand for labour to rise. Smallholder production diminished in relative terms, making Tolai interests of even less political consequence. Signs of positive change appeared from 1937 with recovery in prices and the formation by government of a few 'non-statutory village councils' near Rabaul (Fenbury 1978). The Pacific War put an end to this experiment and formal local government had to wait until the 1950s. Tolai political energies had begun to revive at an unofficial level, however, with the emergence of *kivung* (young men's organisations) from the mid-1930s. These would contribute to Tolai political ferment in the post-war period.

More positively, the interwar period was marked by greater Tolai engagement in non-agricultural formal employment.

Described by Epstein as a ‘pattern of relations which the Tolai had been developing with the wider society since early contact’ this was managed even as the Tolai maintained a secure subsistence base. Tolai were prepared to accept semi-skilled jobs and some travelled outside the district for employment. In Rabaul, men from Matupit showed ‘a clear preference for “free” casual employment as domestic servants, boat-boys and laundrymen’. Epstein paraphrased a somewhat rueful discussion of Tolai workers in the *Rabaul Times* in 1936, a time of rising copra prices and labour shortage: ‘loss of or dismissal from employment held no terrors for the Tolai because every one was a landed proprietor’. Tolai used Rabaul ‘as a source of employment for augmenting their cash income from time to time ... but they were not integrated into an urban system. Continuing to live in their own hamlets and settlements, and growing increasingly prosperous from the produce of the soil, they were able to retain a considerable measure of their economic and social independence’ (AL Epstein 1969, 29–30).

If not actually ‘integrated into an urban system’, the Tolai were certainly developing an active set of rural-urban economic relationships, in which the Rabaul town market and nearby Chinese shops played an important role. Such relationships would come to define the character of their informal economy after the Pacific War. Meanwhile, change in the late pre-war period was signalled by Tolai shaking off the unofficial but pervasive culture of discouragement engendered by Australian rule—the feeling ‘that business enterprises by New Guineans were forbidden’ (Salisbury 1970, 243). This positive phase of development, corresponding to Salisbury’s third ‘stage’, was abruptly interrupted in January 1942. Japanese invasion converted the Gazelle into a vast military base, the Australian population and administration having essentially abandoned the Tolai. Military occupation caused the people, Chinese as well as Tolai, much suffering and loss of life. Allied bombing inflicted enormous damage on the town, infrastructure

and plantations while Tolai coconut plantings and food gardens were severely affected. As Allied forces struck back, their 'island-hopping' military strategy isolated Rabaul for more than two years until the Japanese surrendered in August 1945.

CHAPTER 9

Chinese in New Guinea before the Pacific War

GERMAN NATIONAL CAPITALISM institutionalised a bureaucratic framework in GNG and ordained a racial division of labour in which indigenous people and Chinese immigrants were to play specific, subordinate roles. After accepting Tolai could not be compelled to labour, the Germans tolerated their working as independent smallholders supplying copra to European trading houses. Chinese traders had been active on the margins of Melanesia for centuries (Ch. 4), and the *Kompagnie* recruited labourers and artisans for the Bismarck Archipelago from Hong Kong. At least one independent Chinese, the legendary entrepreneur Ah Tam, had by the turn of the century established a shipyard in the Bismarcks at Matupit on the outskirts of modern-day Rabaul (Cahill 2012, 21). This account of the Chinese will be divided between two chapters, mirroring the narrative of Tolai economic activity in the periods before, and after, the Pacific War. It will emerge that the Chinese presence was an element contributing to the Gazelle as a 'lucky place'.

The roles allotted Chinese in the colonial design were as formally contracted wage-workers, labourers and skilled artisans.

But among Chinese who remained after completing initial contracts most aspired to free employment, and then to independent informal commercial or artisan activity. This was a form of pushback, the voluntary *de-formalisation* of Chinese livelihoods in reaction to the limited appeal of formal jobs. Such men were embraced in a Chinese informal economy, operating in parallel with the formal colonial economy, in which after acquiring capital they became self-employed. Some hoped to progress, as Ah Tam had done, to larger-scale operations. But this would necessarily incur more regulatory scrutiny and require increasing degrees of formalisation.

By 1907 there were no longer any Chinese under indenture (Cahill 2012, 45) and official policy had turned from further recruitment towards acceptance of free immigration. Bowing again to the inevitable, Europeans sought to link ‘free’ Chinese into copra supply chains, as agents sent among the Tolai to gather coconuts and processed copra in exchange for trade goods. By the end of the German era in 1914 fewer than one in seven Chinese was a labourer (*ibid.*, 24) and a small number of Chinese firms were large enough to attract substantial regulatory attention, although as these were typically multi-activity enterprises they almost certainly retained informal elements ‘under the radar’. In the broader Chinese business community mixed modes of operation, involving varying degrees of conformity with colonial bureaucratic requirements, were normal. Peter Biskup gave an account of the early stages of an individual’s career progression. This showed a classic Monsoon Asian mode of ‘hustling’, with Chinese typically pursuing multiple activities to get ahead. While they worked initially for wages:

‘it was trade which was the Chinaman’s forte. A typical immigrant would start as a wharf labourer, save a few marks, become an “under-trader” for one of the European firms or an established Chinaman, save more money and finally establish himself as an independent copra trader in a village or as a general trader in Rabaul ... Chinese traders, whether

independent or not, usually combined commerce with other enterprises—recruitment of labour, building, a small copra plantation, a vegetable garden, a tea-house or a hostelry’ (Biskup 1970, 99–100).

Reminiscent of Bauer’s account of West Africa, Biskup described a pattern of Chinese commercial activity escaping the attention of GNG census-takers. Bauer and Yamey (1957, 34) had shown a reality of entrepreneurial livelihoods ‘masked by the unreliability of census data’. Enumeration errors occurred because such activities displayed ‘imperfect specialisation of labour’ and ‘occupational fluidity’, enabling people to work in a manner ‘better described as the performance of a number of different tasks than as the pursuit of a definite occupation’ (Ch. 3). Chinese immigrants were acculturated to trade and a semi-industrial environment, were thrifty, could turn their hands to a variety of tasks and were given to ‘moonlighting’ away from formal employment.

Chinese influence on the Tolai was potent and, for two reasons, subversive of the Dernburgian ideology. Bureaucrats found it difficult to confine men such as Ah Tam to dependent and subordinate roles; and Chinese often colluded with Tolai to frustrate German (later Australian) efforts to regulate economic activity to their own advantage. The model of economic activity demonstrated by Chinese traders encouraged native people to accommodate themselves to ‘the market’ in a manner unorthodox in Dernburgian terms. This was both hybrid (in the sense of retaining important elements of traditional behaviour) and informal (in the sense of failing to conform with bureaucratic prescriptions).

The business of cultural frontiers

Reviewing the experience of the Chinese in western (now Indonesian) New Guinea, Rowley (1965, 56) spoke of their ‘special

adeptness in the business of cultural frontiers'. Later, in GNG, they displayed that particular 'capacity for subordinating cultural prejudices to business' which, coupled with 'a greater indifference to the demands of European law', distinguished them from more bureaucratically-observant Europeans (Rowley 1958b, 79). Such attributes were useful in early colonial New Guinea, where the capacity to survive on slim pickings enabled Chinese traders to perform as 'cultural pioneers', preparing the way for formal European enterprise by 'slowly acquainting the natives with the way of life of the foreign immigrants, and by accustoming them with trade and new needs' (Sapper 1910, 107; cited in Biskup 1970, 106). Towards the end of his tenure Governor Hahl encouraged free immigration of Chinese with such considerations in mind. Biskup commented that this 'fitted admirably with Hahl's policy of drawing the natives more closely into the commercial economy, on European terms' (*ibid.*).

Chinese entrepreneurs were not usually minded to yield gracefully to Europeans the territories they had pioneered. Commercial contestation of such opportunities, and the different Chinese and European approaches to exploiting them, resulted in much friction. European traders often appealed to bureaucratic authority and systematic efforts were made to weight the regulatory scales in favour of formal (that is, mostly European) investors. Chinese were convenient scapegoats for abuses against native people, even as they were trusted to provide certain services disapproved by respectable society. Yet in retrospect, Hahl concluded that:

'the Chinese had proved their worth in the better jobs as artisans, cooks, overseers, ships' engineers and traders, and had become quite indispensable ... It seemed to me essential to keep them in the country as permanent residents in order to make immigration attractive to others. The great developments in mining and agriculture in Indo-China are based on Chinese and Indian migration' (Hahl 1980, 144–145).

Ruefully, Hahl recalled his immigration proposals were ‘in most cases disapproved’, opposed by the European community and rejected by a new Secretary for Colonies in Berlin (Biskup 1970, 99). In a much-quoted trope he observed that ‘no-one wished to or was able to do without the Chinese, but no-one wanted to have them in the country’ (Hahl 1980, 145). In an equally rueful comment, Lieutenant-Governor Murray complained Australian Papua was disadvantaged by the application there of Australia’s more rigorous immigration restrictions. Murray was especially troubled by the shortage and high cost of skilled artisans in Papua, noting that GNG pay rates for Asian artisans were half those of Europeans (Rowley 1958b, 73). Rowley concluded that ‘without the Chinese [GNG] might have looked very much more like Papua to European investors’ (ibid., 76).

Much of the history of Chinese Rabaul may be understood through the character of Ah Tam. Other than at the outset he was a formal businessman, since the later scale of his operations made regulatory scrutiny unavoidable. Nonetheless much of his income was gained informally, by means such as using *tambu* for trade with Tolai after the practice became illegal (Salisbury 1970, 286). His influence is particularly important in the German period, during which Chinese stamped out a template of informal economic activity for Tolai. Ah Tam married a Matupi woman, on whose land he constructed his enterprises, including a trade store and a hotel. Hahl gave Tam permission to import Japanese prostitutes, as a ‘public health measure’ (Davies 2002, 68). His shipyard was ‘building so many boats that there had been a reduction in imports’, causing him to bring in Chinese artisans, as well as recruiting for European employers (Rowley 1958b, 74). Other Chinese patrons were also sponsoring migrants and Biskup (1970, 94) suggested that immigration controls and official supervision of employment conditions in Rabaul avoided exploitation—common elsewhere—of migrants by compatriots. This suggests Rabaul was a place of

opportunity where Chinese immigrants could more readily 'buy their independence' (Cahill 2012, 22). Again, in the late colonial period Christine Inglis was struck by the limited influence there of 'particularist' tendencies common in other Chinese immigrant communities (Inglis 1977). Early-period regulation may have contributed to this failure of clientelism to become entrenched in Chinese Rabaul, encouraging their dynamism.

Whether or not Ah Tam had rivals, Hahl 'appears to have recognised Ah Tam as the business leader and patron of the Chinese community'. In 1907 Hahl granted him a substantial land lease in Rabaul (later known as Chinatown) in consideration of his agreeing to import carpenters, cooks, coolies and Chinese women, 'to stabilise the Chinese community'. They were to reside on Ah Tam's lease and their businesses would be confined to it (Rowley 1958b, 75). Aside from this Ah Tam gained other franchises. By 1914 he had the sole licence to import opium and seems also to have collected levies on gambling in Chinatown (*ibid.*), while between 20 and 30 Japanese prostitutes were working there (Davies 2002, 68). Hahl's toleration of illegal activities and his decision to quarantine them in Rabaul's small and (to European eyes) squalid Chinatown was simple pragmatism, with notions of legitimacy or legality honoured in the breach. It would give an unbalanced impression, however, to ignore the many legitimate, albeit still informal, business activities conducted there. Just as in Hart's Nima (Ch. 2), Chinatown was a substantial supplier of legitimate goods and services to 'respectable' households. Even so, visitors from the European town viewed it with a mixture of curiosity and prurience, for it was 'vice' which made this 'little East-Asiatic village' most alluring (Lyng n.d., 125–127).

Rabaul market (the *Bung*) was adjacent to Chinatown, reproducing a symbiosis found in towns throughout the Pacific. Chinatown and the marketplace were the urban focus of a system of rural-urban relations which Chinese and the Tolai constructed. Chinatown was the locus of *urban* informal economic activity, while

the *Bung* was the primary outlet for produce marketed by a growing Tolai *rural* informal economy. Chinese were patrons of the *Bung* while rural Tolai vendors, acting as what Scarlett Epstein (1982) called ‘producer-sellers’, spent much of their earnings in Chinese stores. Chinese and Europeans encouraged Tolai to grow a range of exotic vegetables and both communities purchased these in the market, while many Tolai and other town-based New Guineans bought staple foods there. The *Bung* was also a point of intersection and exchange between the two rival currencies, German silver (the mark) and Tolai shell (*tambu*).

Bureaucracy, regulation and discrimination: tightening the fetters

An account of bureaucratic regulation of the Chinese must include many instances of authorities ‘weighting the scales’ to favour metropolitan capital against informal operators (Ch. 2). In the early part of the twentieth century the formal/informal categories corresponded closely to European and Chinese, respectively. This simple duality would break down as many Chinese entities grew in scale, and their operations became more formal (although elements of informality continued to characterise even the largest Chinese entities). Nonetheless it was true that, under both German and Australian administrators, the primary goal of much regulatory effort was to contain burgeoning Chinese economic activity. Intended to advantage European commercial interests, such regulation was anti-competitive and the subject of lobbying by vested interests. Tolai were affected by these processes insofar as constraints on Chinese informal business often disadvantaged them; Tolai often colluded with Chinese to avoid such irksome bureaucratic constraints.

Regulatory measures impacting the Chinese were directed to numerous areas of commercial life, including the copra trade,

retailing, land tenure, business practices (including bribery), licensing, taxation, and their residential/legal status. Such initiatives sometimes served as a pretext to exclude them from trading with Tolai. Some early cases concerned activities of copra traders, many of them Chinese, who purchased dry coconuts or ‘cured’ copra from Tolai. The terms of trade so favoured Tolai at the turn of the twentieth century that they were able to insist on payment in *tambu* (Ch. 8), to which Chinese traders often enjoyed preferred access. In response, the administration imposed an ordinance in 1901 forbidding the use of *tambu* in commercial trading. It was not wholly successful; *tambu* continued to change hands in covert, that is, *informal*, trade conducted mainly with Chinese.

A related source of friction soon after 1900 concerned the processing of copra. Cahill (2012, 44) recounted how ‘strong competition encouraged sharp business practices and complaints grew about the poor quality of hurriedly-dried “trade” [i.e., informal] copra’. Chinese were often willing to buy poorly cured copra and ‘re-cure’ it for resale. This gave them the edge in trading with Tolai. Such complaints may have been an attempt by trading companies to channel all purchases of copra through their stores, by having quality standards embodied in regulation. If so, this failed. The Chinese were able to find other buyers. An ordinance in 1903 imposed a licensing requirement for traders in copra and other natural resource products. This forced unlicensed Chinese traders further out into ‘uncontrolled’ and dangerous territory. Cahill commented that government did not or could not enforce the regulation and was indifferent to the resulting loss of Chinese lives (*ibid.*). Meanwhile the issue of processing standards continued to simmer. European commercial interests lobbied in 1906 for the Chinese to be required to have contracts with registered European firms (ostensibly for purposes of quality control but actually to tie Chinese hands in negotiations). These pleadings failed. Cahill commented that the trade was so profitable that ‘by 1907 ... most

Chinese were in some way connected with the copra trade' (ibid., 44–45).

Other Chinese trading practices incurred disapproval. Cahill recorded they 'were always willing to advance credit against future copra production and many Tolai villagers became involved in some sort of credit arrangement', whereas the trading companies and European independents did not advance credit (ibid.). An ordinance of 1909, described by Cahill as directed against the Chinese, attempted to regulate such lending. It was a futile exercise because such arrangements suited both sides and continued beyond the ken of authorities. Another ordinance in 1910 prohibited supplying alcohol to natives as an inducement to supply copra (a charge often levelled against the Chinese). This also failed because of enforcement difficulties outside town limits. In Rabaul itself, European traders fretted over Chinese competition. They 'complained that Chinese stores remained open long after the Europeans had closed theirs' and that Chinese paid too much for copra (Biskup 1970, 99). Eventually, under the Australian occupation, a regulation (*Closing of Stores Order* 1917) was imposed to limit trading hours. But by then the Chinese had already 'monopolised trade store operations in and around Rabaul' (Cahill 2012, 81).

By 1917 the Australian Administrator, Pethebridge, had decided to curb Chinese business, with the intention to 'fatten' German firms ahead of their expropriation. This strategy was challenged by the growth of Chinese business, although the danger lay more in trend than magnitude (Rowley 1958b, 82–83). It may be seen as the assertion of an Australian 'national-economic purpose', weighted 'in the interests of profit-seekers'. The 'profit-seekers' were Australian ex-servicemen taking up expropriated plantations and, later, Australian corporates whose grip on the mandate economy tightened as private planters went to the wall. In the meantime, in 1917, Pethebridge issued an *Order on Trading in Coconuts and Copra in the Gazelle Peninsula* whose effect was to protect German firms

from the competition of small traders. Rowley concluded that ‘the traders who were going into the territories of established businesses, or paying more in trade goods for copra ... were almost certainly Chinese who were being supplied with trade goods by Chinese firms which had their own Chinese connections’. This Order was said to have been ineffective because Chinese informal modes of trading were more congenial to Tolai producers (Cahill 2012, 88). Another measure, the *Control of Chinese Trade Order* 1917, was designed to block more wealthy Chinese, such as Ah Tam, breaking into wholesale trade. This was quickly withdrawn because of protests from other Australian commercial interests (Rowley 1958b, 82–83).

The year 1920 was an active time of fetter-tightening. A *Non-Indigenous Persons (Amendment) Ordinance* prevented new Chinese immigrants establishing themselves in the copra trade; a *Sale and Disposition of Copra Ordinance* allowed sales to take place only in designated places; a *Trading Stations Leases Ordinance* created local monopolies for planters in trade goods and copra-buying. Finally, in an echo of the earlier ‘currency war’ (Ch. 8), a *Currency and Coinage Ordinance* assured only natives could use German currency (which both Tolai and Chinese had been hoarding). This measure reduced trading options open to the Chinese. This must have induced ingenious and surreptitious (or informal) modes of dealing, for it failed to break Chinese dominance of direct copra trade with Tolai.

Authorities turned their attention to increasing the colony’s tax yield and gave particular priority to raising revenue from Chinese. In 1905 Hahl increased import taxes and imposed export taxes on copra and other natural resource products handled by them. Such imposts, calculated at the wharf, are efficient in that transactions are simpler to trace. Hahl also attempted to replace the income tax (especially problematic when dealing with enterprises lacking formal accounting systems) with a graduated tax calculated on business turnover and other more observable criteria (Cahill 2012, 49). A business register was established to assist authorities in assessing

tax liability but the difficulty of extracting accurate information from Chinese entrepreneurs continued to vex officials. Cahill noted that from 1916 the Australians found it necessary to place greater reliance on more easily collected indirect taxes (*ibid.*, 50). These were ‘applied specially to growing Chinese businesses’ (Rowley 1958b, 68). From taxation it is only ever a short step to bribery and Pethebridge ‘found it necessary to take special precautions against bribery of his officials, particularly by members of the Asian community’. A 1915 ordinance gave ‘Chinese, Malays and other coloured races except the indigenous natives of the colony’ a higher civil status and a new, separate jurisdiction. Rowley thought ‘the real purpose of this was to bring them within the jurisdiction of the Central Court ... apparently to deal with bribery cases’ (*ibid.*, 25). The problem was not easily solved; as late as 1920 the Government Gazette warned of penalties applicable to ‘the practice prevalent among Chinese of attempting to give bribes to officials in return for services’ (*ibid.*).

On the other hand, improved Chinese legal status may have contributed to a gradual formalisation of their business, in that it also gave them the capacity to enforce contracts with Europeans in the Central Court. Notwithstanding this, ‘the basic insecurity of [Chinese] business remained [since] European status before the law was no guarantee of future citizenship’ (*ibid.*, 83). Other civil disabilities remained in force. Chinese could not purchase land, for they were effectively blocked by ‘*Principles of the Transfer of Land*’ circulated in 1912 and 1914. Although not discriminatory *per se*, these were administered in discriminatory fashion (Cahill 2012, 51). Some Chinese had relatively short-term leasehold rights to plantations on government land but freehold title or long-term leasehold was more acceptable as collateral for formal bank credit. After the Great War, Lyng (n.d., 69) observed that certain Chinese traders had ‘since the establishment in Rabaul of a branch of the Commonwealth Bank ... commenced to emancipate themselves

from the controlling influence of the European firms'. Whatever about the reliability of this information, it is possible that more secure access to land would have improved Chinese 'bankability'. Instead discrimination in access to land served to increase Chinese disadvantage *vis-à-vis* formal European business. They had been barred from tendering for expropriated German plantations after the war and in 1933 the *Companies Ordinance* required British subjects to form a majority on Boards, though the appointment of 'dummy' directors enabled some larger Chinese entities to continue trading (Cahill 1996, 82).

The rise of 'legitimate' Chinese business and the persistence of informality

Despite a history of discriminatory regulation and partisan administration, successive GNG Annual Reports suggest the growth of Chinese business. Data reported by Biskup (1970, 100) reflect increases in activity but also suggest improved bureaucratic coverage, made necessary by imposition of the business tax. Considering the simplest indicator—a head count of enterprises—in 1908 there were 48 entities in GNG, only four of them Chinese. By 1911, when the Chinese population for the first time outnumbered Europeans (Rowley 1958b, 76), 36 of 81 concerns enumerated were Chinese. Among 334 entities in GNG which paid business tax in 1912, no fewer than 207 were Chinese and, suggesting the economic importance of the Gazelle, 120 of these were in Rabaul and 15 in Herbertshöhe (modern Kokopo). The raw numbers are misleading to the extent they do not distinguish German conglomerates with trading, planting and shipping interests from the typically smaller Chinese enterprises. The data must have lumped together entities ranging from those highly formal in terms of management, accounting and technology, with others quite rudimentary and informal in character, enumerated simply because they failed to

escape official attention. We might expect many firms at that end of the spectrum to be Chinese, although there were difficulties in assessing them. As an official quoted by Biskup (1970, 101) lamented in 1913, ‘the Chinese make palpably untrue statements [in their tax returns] which makes it virtually impossible to control their businesses’. No doubt language difficulties, and a paucity of records—characteristic of informal business—also contributed to this situation. Some Chinese paid substantial tax bills while others were doing better than the group suffering most keenly from Chinese competition, the small, independent white planter-traders.

Biskup concluded ‘there is little doubt that the gap between the large European firms and the large Chinese establishments was gradually narrowing’ (ibid.). Cahill was more expansive, declaring that by 1914, ‘there was a very real danger they would dominate the entire commercial sector’ (Cahill 2012, 51). This is surely an overstatement. On the factual evidence, economic ‘dominance’ was a distant prospect, notwithstanding the Chinese had an important role in Hahl’s plans for German New Guinea, which the abrupt end of German rule in 1914 brought to nought. In the face of fiscal pressure from Berlin he had concluded that ‘the entrepreneurship of the Chinese would make German New Guinea self-supporting’ (Ohff 2008, 198). Ohff asserted that Hahl ‘almost succeeded in persuading the government to give the Chinese equal status as the Europeans, a privilege the Japanese in German New Guinea had from the outset’. But Hahl did not succeed, and we cannot know whether he would ever have overcome local European opposition and Berlin’s reservations.

With each successive Annual Report there was evidence of population growth and family formation among the Chinese and, by 1914, Chinatown had grown into a busy centre with over a thousand people. ‘Of 1377 Chinese in [GNG], 583 were artisans and 172 reported to be in business’ (Rowley 1958b, 76–77). But despite this suggestion of progress and the success of some families, most

Chinese business continued to be small and informal, with copra at the centre of its economy. 'By 1914 the Chinese formed a high proportion of those who travelled in the copra trade and staffed the trading outposts. They were also successful labour recruiters, and some combined both activities ... Perhaps he was better adapted for this sort of work than the European, in conditions where law and order were comparative' (ibid., 79). Outside Rabaul, Chinese patience and grasp of local psychology often proved decisive, for 'competition for native custom was never-ending' (Cahill 2012, 88). Playing a catalytic role in the villages, and with close links to Chinese enterprise in Rabaul, such traders contributed to the emergence of an integrated and largely informal rural-urban economic system on the Gazelle Peninsula.

Before the Great War, Chinese business had been 'hamstrung' because wholesale trade and trade financing were controlled by Europeans. Chinese 'made up for this by specialising in such activities as building or tertiary services for which there were not enough Europeans or trained natives' (Biskup 1970, 101). They were largely confined to interstitial gaps in the formal economy—by 1910, for example, the repair and maintenance of engines 'were entirely in the hands of the Chinese' (Cahill 2012, 24). Inferior legal status limited access to formal finance and, unlike overseas Chinese elsewhere, they were never able to establish their own formal financial institutions (Wu 1974). It is likely that Rabaul Chinese, as Chinese elsewhere, resorted to *hui* arrangements (a form of rotating savings and credit club) to pool financial resources. Also, to finance international transactions during the German period, leading merchants such as Ah Tam were able to enter into trust-based arrangements ('relational contracting') with Chinese counterparts in Hong Kong, Singapore and other German Pacific possessions. Such informal mechanisms were based on kinship or personal relationships and, although not subject to legal recourse, they generally sufficed to

cover counterparty risk. This still left them unable to contract with offshore European firms, including those based in Australia which were major suppliers to the big European trading houses in Rabaul, as well as importers of copra.

During the Australian occupation from 1914 Ah Tam was able to move into wholesaling, as did a number of other Chinese enterprises. This became possible because certain Australian firms (including the politically well-connected Burns, Philp & Co., which had hastened to establish itself in New Guinea) saw the opportunity to deal directly with leading Chinese businessmen. This secured Chinese firms direct access and trade financing in overseas markets for copra, and with major suppliers of consumer goods (Rowley 1958b, 82). The ambiguous situation of German firms (which continued to trade during the war) together with Chinese acquisition of quasi-European legal status (albeit they were still 'aliens'), enabled the latter to break into the import-export trade. As mentioned above, higher civil status meant that debts of Chinese firms could now be litigated in the Central Court. And just as the change had strengthened the hand of Chinese in making and enforcing contracts with Europeans, it also increased the comfort of corporate business in dealing with them.

At the end of a war which had been good for Chinese traders, 'they were well established in independent business', while in the post-war period, 'their tact with New Guinea customers brought an increasing hold on the copra trade with villages, and on retail business' (Rowley 1965, 193–194). Evidence of rising status came with the 1921 census showing Chinese as now more numerous than Germans and 'British' combined. It also revealed an upward shift in their occupational status: now there were some Chinese 'professionals', a larger proportion in commerce, in manufacturing and building, and some plantation lessees. 'The changed pattern of occupation reflected new opportunities' while their inability to take money back to China during the war had encouraged

re-investment locally (Rowley 1958b, 77–78). This committed many decisively to long-term residence.

After 1920 protectionist provisions of the Australian *Navigation Act* were applied to the Mandated Territory, entrenching Australian carriers in the shipping trade. Regulation of copra buying and trade store operations to favour European interests intensified, penalising Chinese and Tolai alike (Salisbury 1970, 124). Some Chinese were more fortunate. Cahill related how, although they had been prevented from tendering for expropriated German plantations, ‘what was overlooked in the scramble ... was that Chinese would be keenly interested in the trading stations attached to plantations. In many cases these were more profitable than the struggling plantation ... and allowed the operator to buy village copra as well as sell trade items to villagers and plantation labourers’ (Cahill 1996, 80). European planters who leased their trade stores to Chinese came to regret it. Caught in a price/cost squeeze during the Great Depression, many were bankrupted, their properties foreclosed by Australian conglomerates holding their debt. Cahill (2012, 120) suggested that Chinese entrepreneurs fared better because they had access to informal ‘club loans’ (a reference to the *hui*). The Depression years had also been a period of economic stasis for the Tolai (Ch. 8) but prospects for all communities improved as copra prices rose after 1935.

Evidence of formalisation in Chinese building and construction firms is reported by Cahill (2012). He noted that four Chinese companies won most government tenders for public buildings in the late 1930s, during a rebuilding boom after a volcanic eruption (Cahill 1996, 83). For the period just before the war *Pacific Islands Year Book* listed the principal Chinese trading houses and, in addition, ‘twenty-two traders on Malaguna Road in Rabaul, fifty-one in Chinatown and five merchants and two traders in Kokopo. They were mainly merchants but included a contractor, planters, laundry, baker, motor car proprietor, shoemaker, photographer, soft

drink manufacturer, restaurant owner ...'. In addition, many young Chinese educated in Rabaul (and some in Australia) worked for European firms in skilled and semi-skilled occupations. But some less-educated or older Chinese still worked as market gardeners or water- and wood-sellers, operating door to door in the town (Cahill 2012, 137–138). The spectrum of activities included incorporated construction companies, diversified wholesale traders and a vigorous retail sector (with a range of services) as well as informal agriculture and services. Outside the town, Chinese traders continued to buy copra from Tolai and to supply what Fisk would call 'incentive goods' to them.

Hahl had envisaged the Chinese performing a useful function as a 'middle layer' between Europeans and native people. Rowley believed this vision had been fulfilled, concluding that their economic success 'conformed to a fairly common pattern of the Chinese as an intermediate layer in the colonial economy' (1958b, 76). By contrast, WEH Stanner declared flatly that 'there was no "intermediate" race, such as the Indians in Fiji. The small number of Chinese in the Mandated Territory (in 1939 about 2,000) had only minor commercial importance, and almost no social or political influence' (Stanner 1953, 14). But the analogy with Fiji (where Indians came to form almost half the population) was surely misplaced. It was not a question of relative numbers, or of degrees of social or political influence, but of catalytic effect in the emergence and spread of a market economy on the Gazelle Peninsula. To underestimate Chinese economic influence is to overlook their function as sinews tying Tolai into the market economy of the Gazelle and the wider world of international markets. This status was cemented during the inter-war period. The subsequent history of the Rabaul Chinese, in which the recovery from losses suffered during the Pacific War and the persistence of informality alongside the 'modernisation' of their commercial undertakings are important themes, will be recounted in Chapter 20.

CHAPTER 10

Hubert Murray and the contending moralities

IN GERMAN NEW GUINEA (GNG) a classic plantation economy was created to serve the imperial Reich while in British New Guinea (BNG, later Australian Papua; see Figure 4, p. 61) a notably less well-funded and cohesive imperial experiment was proceeding.¹¹ The Papuan experience before the Pacific War will be described in three chapters (10, 11, 12) covering successive periods of British and Australian administration. These will consider whether the bureaucracy in Port Moresby was guided by any ideology so compelling or coherent as the ‘national-economic purpose’ of its German neighbour. Coherence was hard to achieve in a settler community subject to two ‘contending moralities’. Among the ‘Anglo-Papuan’ colonists (as some called themselves) a fault line had opened between ‘official’ and ‘non-official’ constituencies. Two moralities were ‘at war ... among a white population hardly larger

¹¹ The Protectorate, established in 1884, and the later crown possession, annexed in 1888, were both named British New Guinea. After Australian federation in 1901 arrangements were made for its transfer to Australian authority, a process completed in 1906 after which it was named the Australian Territory of Papua.

than a good crowd at an Australian country race meeting'. In this division, 'the means of livelihood determined attitude, and interests seemed utterly opposed' (Lewis 1996, 126).

Private settlers in Papua were not as influential as their counterparts in GNG, where a 'pan-German settler clique' exerted pressure on Hahl (Hempenstall 1978, 160). Greater certainty of purpose prevailed in GNG, where the 'scientific colonialism' of Dernburg (Ch. 8) assured closer alignment between official policy and white commercial interests. The contending moralities in Papua might be seen as, first, an ideology of resource exploitation, conducted by and for alien settlers and corporate interests and backed by metropolitan capital. This was pitted against another seeking 'the preservation of village life', championed in the main by senior officials and missionaries. Bureaucratic support for either ideology would amount to what Hart called the 'institutional effort to organise society along formal lines', although outcomes would differ considerably. In Australia the conflict was seen as 'between the desire of the metropolitan power to profit from its dependency and the desire to be seen by others and history to have dealt justly with the original inhabitants' (Lewis 1996, 7).

In practice, bureaucratic energies in Papua were never so focused as in GNG, and though both 'moralities' were represented to some degree in each colony they were more evenly matched in Papua. The trajectory for Papua's 'preservation' policy was set originally by the British Colonial Office. It instructed Peter Scratchley, Special Commissioner from 1884 following the declaration of the British Protectorate, 'to explain to Papuans that he was sent "to secure to them the safety of their persons, the enjoyment of their property, and particularly to protect them from being deprived of their lands by force or fraud"' (Oram 1976a, 19). 'Preservation' had antecedents in Arthur Gordon's earlier, liberal stewardship of Fiji, and it was introduced to BNG by his former Colonial Secretary, William MacGregor, between 1888 and 1898 (Joyce 1971). The

‘plantation’ morality was an expression of nineteenth-century industrial capitalism and its search for raw materials. The planter faction had its exemplar in GNG, towards which Anglo-Papuan settlers turned envious eyes. Clearing and planting had begun there in 1884, whereas planting on any comparable scale did not occur in BNG until it became the Territory of Papua, under Australian control from 1906.

The dual mandate

Conflict between these moralities underlay problems experienced by the Australian Resident, Lieutenant-Governor Hubert Murray, whose tenure in Papua in that post extended from 1907 to 1940. Changing policy emphases, when one or other tendency was more dominant, reflected pressures on him and his own evolving sense of what was possible. In 1906, before his appointment as Lieutenant-Governor, Murray had appeared before a Royal Commission on Australian policies for Papua. At that time he appeared to signal support for the planter faction. His evidence:

‘... was a statement of the principles of a “dual mandate”: a responsibility to the natives, a responsibility to the Europeans; and his criticism of present policy was that the European side of this obligation was not being fulfilled’ (Lewis 1996, 64–65).

The plantation ‘turn’ which followed the Commission’s findings led to the freer allocation of land and a boom in private investment. Plantation numbers increased from 76 in 1907 to 151 in 1910, and to 228 by 1914, although without yielding much immediate increase in production. Watching the pre-war commodity boom Papuan planters feared that ‘by not engaging in rising copra and rubber markets by 1902’, they had ‘missed the boat’ (Ohff 2008, 411). The pace of new plantings stretched the available supply of Papuan labour, testing the administration’s preservationist resolve.

Employers demanded longer terms of indenture and stronger labour sanctions while corporate planters pressed for a 'village system' on estates, as in Java and Ceylon (Lewis 1996, 113–116). This latter bid failed, because Murray believed it would lead to permanent alienation of Papuan workers from their home communities. Some planters called for recruitment of Asian skilled labour, sparking negative reactions from the broader European community in which 'white Australia' attitudes prevailed (*ibid.*, 117–118). In 1919 Murray acknowledged Papua's disadvantage in regard to supply and cost of skilled workers, due to Australian immigration restrictions. Again in 1920 he conceded the economic cost of excluding Asians, 'but that from motives of patriotism and self-protection we preferred to do without such labour' (cited in Lewis 1996, 162). Consistent with my account of Chinese immigrants in GNG (Ch. 9) I argue here that the exclusion of Asian workers deprived Papua of much more than cheap labour.

Murray's concept of a dual mandate required government to heed both 'moralities', even though in 1906 he had thought it necessary to redress the balance in favour of commercial interests. As economic realities bit—insufficient private investment, inadequate public financial support, difficult export markets—Murray's views changed. Between 1913 and 1920 he recognised irreconcilable elements in the dual policy. 'By 1920 he had come publicly to believe that European and native interests were indirectly and incidentally in continuous opposition, and that the government had a duty to the natives which the white settlers did not share' (West 1968, 175). While Murray continued to accept the need for an economic base to assure self-reliance, the preservation morality had become more important for him. This was evident from his minority (dissenting) report to a 1919 Royal Commission on the post-war future of GNG. Murray's view, paraphrased by his biographer, was that:

'the Germans had administered colonies purely as commercial undertakings whereas British colonies had always subscribed,

in theory at least, to the principle of the “sacred trust” for native peoples which was now spelled out in Article 22 of the Covenant of the League of Nations. This British principle should replace the German which looked on the natives as a means to an end, and amalgamation [of the two territories] under the Papuan government would achieve this’ (West 1968, 199).

Murray had hoped to become Administrator of a new, amalgamated territory but by 1920 Papua was bulking less large in Australian calculations. GNG’s plantation economy had fallen into Australian hands without any expenditure commensurate with Germany’s original investment (Ch. 8). The government decided to continue it as a separate jurisdiction and Murray was left to soldier on in Papua (West 1968, 198). His rejection reflected an official view that Papua had limited economic prospects and might as well continue as it had begun (Lewis 1996, 158–159; West 1968, 199). Successive Australian cabinets ‘felt a concern for Papua that was “primarily strategic”’ so that being ‘prepared to take few risks they made a virtue of a policy of [native] protection’ (Lewis 1996, 292).

New Guinea was an economic asset whose value was to be maximised by Dernburgian exploitation under a virtually unchanged bureaucratic system, albeit one with an Australian accent (Ch. 8). The case for this was compelling:

‘Its plantation sector by 1920 three times the size of Papua’s, its administration before the war underwritten by much larger subsidies from the former imperial power and undertaken by a government believed to have been far less ethically fastidious than Papua’s, German New Guinea seemed to provide an opportunity for Australia to reap a bountiful harvest where it had not sown. After 1920 ... Papua would always seem the lesser territory’ (ibid., 158–159).

For the rest of its brief separate history until the outbreak of the Pacific War, Papua would suffer in popular white opinion by

comparison. It was generally thought ‘an ungenerous country, less fertile than its verdure suggested, with no advantage in its resources or in the cost and efficiency of its labour force over “competitors” elsewhere in the tropical world’ (ibid., 291). Even more damning, perhaps, was the belief its bureaucracy was insufficiently dedicated to commercial development and excessively scrupulous in its native policies. If the Rabaul hinterland was a ‘lucky place’, Papua was not.

Between the wars Murray’s authority was enhanced by his growing international reputation as an enlightened Administrator. After a phase of rabid settler opposition during the 1920s he was less challenged in imposing his views, whether by an increasingly dispirited local planter constituency or the succession of Australian Ministers whom he inducted into their responsibilities. This situation would have long-term consequences for the degree and character of indigenous Papuan engagement with ‘the market’ and for the character of Port Moresby itself. Under Murray’s increasingly personalised regime normal processes of urbanism would be inhibited in the capital. Autonomous Papuan enterprise, if not suppressed, could scarcely flower and, aside from formal indentured employment, rural Papuan economic activity would receive only fitful encouragement.

The ‘informality’ construct in colonial Papua

Market exchange and bureaucracy are necessary preconditions for informal economic activity. Weberian bureaucratic processes emerged in parallel during the nineteenth century in Germany and other industrialising states—in Britain and Australia, and then by extension in GNG and BNG. Though Murray had a reputation for impatience with routine, Lewis commented he ‘was well-served by officers who were systematic ... who maintained careful records and an effective control over expenditure. The thoroughness of the Territory’s bureaucracy is indeed impressive’.

Of Murray personally, Lewis remarked that his ‘legal drafting, letters, reports, and occasional writings all demonstrate a high degree of internal organisation and indicate a systematic mind’ (Lewis 1996, 123).

Murray and his predecessors laid sturdy bureaucratic foundations, but not for the prosecution of any orthodoxy so utilitarian as German ‘national-economic purpose’. The account by Lewis shows how remote the Lieutenant-Governor was, personally and intellectually, from the middle-class settlers who came to Papua with the pre-war boom. Murray possessed ‘a grounding in a code of ethics and behaviour profoundly in opposition to [their] *petit-bourgeois* values’, which he would have called ‘capitalist attitudes’. Despite having endorsed white settler suffrage in 1906 he grew to distrust the commercial and planting classes and for the rest of his career successfully resisted their enfranchisement. Bleakly, he came to believe that ‘any white community left with absolute power over “natives” would resort to slavery within three generations’. This he knew, for, ‘I can feel the tendency myself’ (Lewis 1996, 120–123).

If Murray disdained petty capital he also distrusted large corporations. He opposed oil drilling because of the potential influence of ‘some powerful company, financially perhaps stronger than the government, and determined if possible to capture the government’. Economic activity on such a scale would threaten a principle on which *preservation* depended: ‘that the progress of development shall bear some proportion to the labour available’ (ibid., 140–141). Later, as it seemed European plantations could not provide an adequate economic base, he would seek a different model of agricultural development. This was necessary because:

‘it was unlikely, said Murray, that Papua was capable of adapting to industrial civilisation. Papuans, nevertheless, were not merely hewers of wood and drawers of water and therefore the most suitable form of civilisation for them was based upon cultivation of the soil’ (West 1968, 185).

Many administrators of the period accepted a ‘popular pseudo-Darwinism’, a set of beliefs supporting social-evolutionary processes (Rowley 1965, 92). At a more intellectual level, Murray was familiar with Maine’s *Ancient Law* and ‘shared the current assumptions about the evolutionary nature of society’ (West 1968, 39). Through his writings there flowed ‘assumptions ... of social evolution, of progress towards civilised, meaning contemporary, Western European society’ (ibid., 214). Such ideas, incorporated into an Anglo-Papuan bureaucratic orthodoxy, were tempered by Murray’s conception of duty towards the indigenous people and his views—moderating over time—of their ordering on an evolutionary ladder.

As to the other precondition of informality—market exchange—coastal Papuans were introduced to the international economy by early visits of European mariners. These bartered industrial commodities for coconuts, pearl shell and other ‘gathered’ products. As late as 1900 most copra in international trade ‘was still derived from the trade with indigenous producers of either fresh or dried kernel carried on by beach traders and passing ships’ (Lewis 1996, 73). Such transactions in Papua, as among the Tolai, became gradually monetised. But by vivid contrast with the Tolai, Papuan village cash crop production owed more to official compulsion than market incentives. ‘Murray “had no confidence in any system of native administration which does not ultimately rest upon compulsion”’ (cited in West 1968, 186). Policy for native agriculture under both MacGregor and Murray rested on dirigism. Although bureaucratic regulation was apparently more stringent in German (and later Australian) New Guinea, that was largely because there was more activity to regulate. To promote white settler interests officials in New Guinea strove to contain emerging Tolai and Chinese informal activity within a thicket of regulations. In a telling contrast, their counterparts in Papua felt the need to regulate indigenous economic activity *into existence*.

If the initial Papuan impulse to market exchange resulted from contact with alien traders, many more Papuans were brought into the market economy by labour recruiters. From the earliest engagement of labour mandated by MacGregor's *Native Labour Ordinance* in 1892, until the end of Murray's tenure in 1940, the principal mode of indigenous involvement with 'the market' was by formal contract of indenture for work in plantations and mines. This was profoundly different from any informal, autonomous, participation in market activity. Official efforts to encourage independent Papuan market participation were sporadic; bureaucratic energies were less directed towards that end than to maintaining native welfare under the rubric of 'preservation'. In practice, most effort was given to the 'pacification' of new populations, to governance of the pacified and to the regulation and inspection of indentured labour.

Regulation aimed at minimising negative consequences of the absence of able-bodied men from villages. As Murray said, 'it is no part of our policy to convert them from what they are now, peasant proprietors, into a landless proletariat which they might in time become if they signed and worked for indefinite terms without returning to their village' (cited in West 1968, 132). The term 'peasant proprietor' (used also by early German administrators in regard to the Tolai; Ch. 8) seems to suggest an unspoken Smithian assumption, implying a Papuan inclination to truck and barter if only inertia could be overcome.

On the other hand, as in GNG, Papuan administrators were aware of the implications of any growth of indigenous commercial agriculture for the supply of indentured labour, and they accepted that village welfare was competitive with maintaining the formal plantation workforce. Statements of both 'Anglo' and German administrators suggested a need to avoid over-recruitment, though in practice they differed in the emphasis given to welfare (generally more in Papua) and to 'veterinarian' concerns, in which principles applicable to the management of game parks were applied to

village populations (Rowley 1965, 94). The contradiction inherent in drawing on villages to man plantations, while attempting to maintain their demographic and social viability, laid the indenture system—reliant on recruitment of unaccompanied male labour—open to the charge it was designed to subsidise plantation wage costs. Cyril Belshaw was perhaps the first observer to point out that ‘by far the greater part of the indentured labour sector ... is subsidised ... by the domestic village production of the labourers’ dependents, and male kinsfolk who remain at home’ (Belshaw 1957, 244). Charles Rowley would later build on this observation to illustrate the ‘obsolescence’ of the plantation economy in both its rural and urban forms and to argue the case for wage reform (Ch. 12) while in the 1970s followers of contemporary French Marxism would interpret Belshaw’s ‘subsidy’ in ‘structuralist’ terms. For them, the system was intended to preserve a ‘traditional mode of production’, thereby sustaining the exploitation of rural labour (Ch. 26).

Regulating economic activity into existence: the ‘Murray policy’

Dirigism in Papuan policy was intensified by fears of native depopulation. MacGregor’s biographer noted his inclination, following Gordon in Fiji, to encourage indigenous commercial agriculture: ‘We must teach these natives to build boats and fish and trade on their own account.’ He began a demonstration plantation, followed in 1894 by a regulation requiring certain groups to plant coconuts, for ‘if the natives do not become producers on their own account ... they cannot exist long as a race ...’ (cited in Joyce 1971, 197). The regulation did not specify whether plantings were to be by individuals or groups, but villages and clans were responsible for most production, with little voluntary planting (Crocombe 1964). Near the end of his term, faced with failure to build an economic base, MacGregor felt compelled to facilitate commercial

planting by opening up land for white settlers. He ‘had become more conscious of the failure of his plans to make the Papuans independent producers’, and wrote despondently that ‘natives are not likely alone to ever add much to the exports of the colony’ (Joyce 1971, 205).

Soon after the Great War worldwide expansion of output in territories with lower cost structures than Papua brought the commodities boom to an end. Murray no longer felt able to juggle the competing demands of his dual mandate and began instead to renew attention to welfare. Lying ‘at the root of what came to be called “the Murray policy”’ (West 1968, 143), this would involve ‘peaceful penetration to establish with a minimum of bloodshed law and order throughout Papua—paramountcy of Papuan interests over European in land, labour and development policies’ (West 2006, 113). Perhaps Murray thought it possible to dispel Papuan inertia by education and regulation, in an effort to speed the social-evolutionary process. In ‘a new direction in development’, he instituted measures in 1919 to stimulate village cash cropping. He was ‘disappointed at the progress of settler-based agriculture and affected by planter hostility, but certainly becoming aware of the limited value of plantation work experience for the Papuans’ (Lewis 1996, 149). In any case, after the war, ‘a shortage of labour, low produce prices and high shipping costs made it very difficult to attract European settlers ... and indigenous agriculture was seen as the only hope’ (Crocombe 1964, 4).

Murray’s new measures proved even more dirigist than those which had failed under MacGregor. A *Native Taxes Ordinance* in 1919 imposed a head tax on males to be paid in cash, or remitted by delivering cash crops to government or by working on ‘native plantations’. The tax was not intended to force men onto European plantations because it was also levied on indentured workers. Native plantations were to be established on land alienated by government from the villagers concerned. This initiative had no

equivalent across the border; in GNG 'the native, and not the value of European enterprises nor the pockets of the Australian taxpayers, was the object of the policy on native taxation' (Rowley 1958b, 180). A 'Native Education Fund' was created in Papua to receive the proceeds, together with half the earnings of the new collective plantations (the other half to be paid to villagers fulfilling work obligations). Most plantings were of coconuts although some coffee and rice were trialled.

In Murray's ordinance (as also in MacGregor's regulation) there was no requirement for either individual or group production, but it appears again that most plantings were collective. Ron Crocombe suggested many officials believed group operations more congenial for Papuans and officials certainly found it easier to inspect group plantations rather than dispersed, individual blocks. In a remark inconsistent with his description of Papuan subsistence agriculturalists as 'peasant proprietors', Murray 'thought that a native plantation on communally owned land worked by the communal labour of the village was an adaptation of native customary life to the idea of economic development'. Further, 'native taxation was one major element of that compulsion which [he] believed must lie behind all native administration' (West 1968, 232). Murray's 'new direction' led to collective production, under a system in which incentives were small and only indirectly linked to effort. Compulsion was always needed to ensure planting, it proved even more difficult to secure harvesting, and there was no guarantee copra would be marketed through approved channels (or even marketed at all). As a result, the record of production and payments to villagers was disappointing (Lewis 1996, 150). Attitudes engendered by memories of village plantations exerted long-lasting effects on Papuans' willingness to engage as independent producers. So strongly did cash crop plantings become identified with group enterprise in the Northern Division (later part of the modern Northern or Oro Province; see Figure 4, p. 61) that when,

after the Pacific War, agricultural officers began to encourage people to plant individually, some Orokaiva ‘claimed that they had not realised ... that cash crops could be grown by individuals’ (Crocombe 1964, 30).

The role of traders

Despite the prevalence of a dependent psychology among many Papuans, some autonomous production of cash crops did occur during the interwar period. More spontaneous mechanisms—consistent with ‘peasant proprietorship’—seem to have been at work in dealings between some village producers and small European planter-traders who supplemented their incomes by buying native copra. Though MacGregor’s attempt to stimulate indigenous production met with little success, traders had bartered for coconuts along the Papuan coast from before the Protectorate. However, village producers with a secure base in subsistence agriculture demonstrated an elastic supply response to price fluctuations, often preferring to leave nuts ungathered when they deemed returns too low. Further, since coastal village populations were small and dispersed, Europeans had little incentive to set up specialised trading, processing and distribution enterprises. Samarai, a small island off southeast Papua, was an exception since it enjoyed sufficient locational advantage to become a hub for traders and planters. But unlike the Gazelle, Papua was difficult territory for traders.

After 1906 Murray had felt it necessary to show greater concern for European planters, even if it entailed de-emphasising indigenous production. In a revealing comment in the Annual Report for 1905–06, Murray asserted that ‘not only was staff inadequate to enforce the 1894 regulation, but that where it was enforced the resultant income *attracted traders* whom he felt to be *a bad influence* on the Papuan people’ (paraphrased by Crocombe, *ibid.*, 3, emphases

added). This suggests Murray's failure to appreciate the potential of traders to stimulate economic activity (and, perhaps, his awareness that such activity was competitive with indentured employment). The traders he disapproved were Europeans 'who aspired to become planters'. There were 'many smaller planters who subsisted through the years of [plantation] development on trade' (Lewis 1996, 25). These operated like the Chinese traders of New Guinea, buying copra from Papuans as a sideline and supplying them with cheap consumer goods.

Such 'small men' traders became less representative of the industry after 1907 with the coming of plantation companies. But most 'never became planters independent of trading. Planting carried prestige but trade was to provide a surer living whether the enterprise was large or small throughout the history of colonial Papua' (ibid., 97). Among such men, struggling to survive after the War, many turned again to trading in 'native' copra to eke out meagre returns from their own plantings. Even during the 1930s, when many small company plantations were acquired by conglomerates, most of these independent operators survived, continuing to provide distributional services to village producers (ibid., 213). They proved more durable than the 'small men' of New Guinea, driven to the wall by debt and Chinese competition (Ch. 8).

This contrast points to the absence from Papua of any intermediate class of 'Asiatic' traders and raises the question of how effective white traders proved as an alternative. Papua is represented here as an 'unlucky' place, but natural resource endowment is not destiny for, as Bauer asserted, 'improvements in transport and the activities of traders have frequently in effect altered the facts of geography' (Bauer and Yamey 1957, 44). Bauer emphasised 'the indispensable role of traders, especially in the development of cash crops' and the contribution of minority groups to trade. From the late nineteenth century in West Africa and Malaya

‘traders provided and extended markets and thereby widened the opportunities open to people as producers and consumers’. Indeed, ‘without trading activities there could be no agricultural surplus’, while traders ‘acquainted people with the workings of an exchange economy and the attitudes appropriate to it’. By doing so, they ‘promoted the *uncoerced* erosion of attitudes and customs incompatible with material progress’ (Bauer 1984, 37, emphasis added). Trading proved to be ‘a seedbed of entrepreneurial activities extending beyond trading itself’. This had certainly been the experience with Chinese enterprise around Rabaul.

In Papua, European specialist traders had found the pattern of small, dispersed coastal settlements unprofitable. But as Rowley remarked, ‘not only will the Chinese live on less but he will devote attention to what most Europeans would disregard as poor business opportunities’ (Rowley 1958b, 79). That the absence from Papua of Chinese competitors may have assisted some European ‘small men’ to survive is of less import than the withholding from Papuans of the superior Chinese distributive services available to Melanesians in other places. Around Rabaul Chinese contributed to engaging native people in cash crop production and a diversified set of service activities (Ch. 9). Rowley’s judgement was succinct: ‘Without the Chinese [GNG] might have looked very much more like Papua to European investors’ (ibid., 76). But even accepting that Port Moresby and its hinterland was not a ‘lucky place’, one might invert his logic to say that, *with* the Chinese, Port Moresby might have looked rather more like Rabaul.

The volume and value of ‘native’ copra entering into private trade in Papua cannot be estimated with certainty, although Lewis (1996, 150, n29) suggested ‘it is likely that the cash-in-hand return from the sale of copra to the white traders was greater than sale through the government’s scheme’. Some of this copra came, informally, from Murray’s village plantations, diverted (in a form

of pushback) from official marketing channels (Miles 1956, 322). Other sources were plantings from MacGregor's period and palms planted with the encouragement of traders. Any such unenumerated trade, conducted in breach of the ordinance (and subversive of its intent) is an instance of rural informal economic activity. It was one of the few kinds of Papuan informality likely to have occurred in Murray's time.

Lewis remarked the absence of Papuan entrepreneurs, noting that 'despite ancient traditions of exchange between Papuan communities the intrusion of European commerce led to no growth of a class of "native" traders, small businessmen or skilled managers' (Lewis 1996, 293). This observation is based on a problematic assumption, that traditional modes of exchange should have predisposed Papuans to specialised market exchange. But the findings of Jim Allen (1984, 1985) on Papuan coastal trade as 'a basic mode of subsistence procurement' led him to deny that Hanuabadans, Mailu and other specialised traders engaged in 'the disposal of surplus production for profit' (Ch. 6). My account of the Tolai (Ch. 8) suggested that, while informal trading gave them an entry point to 'the market', they learned to trade only as a secondary occupation. Like Papuans, Tolai also failed to produce 'a class of "native" traders'—if by that term Lewis meant specialised traders divorced from direct participation in agriculture.

Traditional modes of human interaction often impose constraints on participation in the market economy, resulting in *hybrid* economic behaviour. Some degree of hybridity was the norm in much of Tolai economic life and it was seen also in accounts of early Papuan interaction with the market economy. This, together with the absence of an 'Asiatic' intermediary class, the inhibitory policy and social regime created by MacGregor and Murray, and the handicap implied by the idea of Papua as an 'unlucky' place, must all be factored into an explanation

of the apparent dearth of Papuan entrepreneurialism. With emphasis on Port Moresby, Papua's 'central place', these matters will receive further attention below. But first we should consider Port Moresby itself.

CHAPTER 11

The idea of a town in Anglo-Papua

NIGEL ORAM, HISTORIAN of colonial Port Moresby, believed urban administrative decisions often as not derive simply from the way a decision-maker conceptualises ‘the town’. Such a person has ‘his “idea” of the town in the Platonic sense’, distinct from any notion gained by ‘rational assessment of the factors involved’ (Oram 1976a, xii). He was referring to Plato’s concept of ‘the form of the good’, a reality which is perceptible, but not intelligible, and from which are derived all other ‘forms’. The ‘idea of a town’, which serves to guide urban policy and bureaucratic action, springs from processes internal to the decision-maker: ‘the soul’s activity within itself’ (Seyffert 1894, 481). This is potent because, as Keith Hart reminds us, ‘idealist philosophers from Plato onwards thought the general idea of something was more real than the thing itself’ (Hart 2008a, 12). Hart’s ‘general idea of something’, corresponds with what Simon Blackburn called ‘the general concepts making the framework in which we think of things’. In philosophy such general concepts ‘are themselves made into the objects of study’

(Simon Blackburn, cited in Pike 1995). In what follows, the 'idea of the town' serves as the object of study.

Here I extend Oram's argument to suggest that in relatively homogeneous societies the 'soul' may be a collective social entity. This is not to say that Port Moresby's colonising residents were of one mind in all matters. The 'two moralities' certainly contradicted that notion. Still, it is reasonable to think that in matters of urban environment and domestic arrangements people of broadly similar background and experience would find comfort in the familiar, and in the exclusion of the unfamiliar and unsettling. If so, early colonial Port Moresby probably generated such a consensus on the 'idea' of the town among its Anglo-Papuan residents. From such subjective processes emerges a conception of the 'form' of what is good in a town. This consensus defines a particular *urban* formality, requiring behaviour consistent with the maintenance of good urban 'form'. By simple opposition, informality is behaviour inconsistent with correct urban form. While this study is concerned with Hart's *market* informality it considers also the additional perspective of Oram's *urban* 'form of the good', since both are relevant to a consideration of urban economic activity.

European residents of Port Moresby shared a broad consensus concerning the 'form of the good' in their town. In turn, this form was an important element in norms guiding actions of the town bureaucracy, and Papuans in the town had to become institutionalised to these norms. Here I will examine the elements of social consensus on the idea of the town in 'Port' (as its settler-residents called it). This will require an account of the bureaucratic activity—urban administration—conducted to achieve and maintain the prescribed urban form and to secure Papuan conformity. It will be argued that bureaucratic action to achieve any *idea of the town* has implications for the possibility and character of urban informal economic activity and that, in the case of 'Port',

economic informality was very largely stifled by the particular, colonial *idea of the town*.

Port Moresby became the capital of a British Protectorate proclaimed in 1884, and annexed as BNG in 1888 (see Figure 4, p. 61). Even earlier, Pacific Islander teachers of the London Missionary Society (LMS) had been posted in the ‘great village’, Hanuabada, very close to the site of the modern town.¹² The Reverend WG Lawes arrived later to establish an LMS station, influenced by Hanuabada’s centrality to traditional trade routes, the value of Hanuabadan Motu as a lingua franca, and the belief it was a healthy place. Together with proximity to the nearest Australian telegraph station, these factors would later confirm Port Moresby as capital. A storekeeper set up in Hanuabada in 1880 and with Special Commissioner Scratchley’s arrival in 1884 the three elements of colonisation—cross, commerce and flag—were in place. A visitor the following year recorded ‘a row of small houses ... in Australian fashion with galvanised iron’ in which ‘seven white people ... represented the British Empire’ (cited in Oram 1976a, 21). Even in 1904 the European population was only 38 men and 18 women (West 1968, 35). The eastern town of Samarai was larger and commercially more important. The total white population of BNG was just 573 persons, and ‘with concentrations only on the goldfields and at Samarai and Port Moresby, this community was widely distributed in ones and twos along the coasts’ (Lewis 1996, 39). Even with the benefit of a plantation boom from 1906 and Australia’s acceptance of responsibility for BNG (now renamed ‘Papua’) the white population scarcely exceeded a thousand before the Great War. The indigenous population in the littoral was fewer than 200,000, with ‘the numbers of Europeans that settled or sojourned in the country at any one time never exceeding 1,500 until the second world war approached’ (ibid., 9).

¹² ‘Hanuabada’ is the collective name for a cluster of villages of Western Motu and Koita peoples.

None of the reasons for selecting Port Moresby related to its economic potential. MacGregor defended his frequent absences on patrol by saying that ‘Port Moresby from a native or future development point of view is comparatively unimportant’ (cited in Joyce 1971, 128). Nor did he find it easy to identify local leaders, due to the elusive character of Papuan political leadership. This defeated his attempt to appoint native ‘chiefs’ to act as an intermediate layer of administration. Murray would later have some success in institutionalising a Papuan local government council in Hanuabada, but native administration suffered more generally from these difficulties.

MacGregor had commenced laying bureaucratic foundations, setting up a legal code and judicial system. While there is properly a distinction between the bureaucratic, judicial and legislative functions, ‘multi-tasking’ was unavoidable in a small government service. Often more than one of these functions was embodied in a single officer; in Murray’s case, all three. From 1904, as Chief Judicial Officer, ‘he was also a member of both the executive and legislative branches of government’ (West 1968, 37) and remained so after becoming Lieutenant-Governor in 1907 (*ibid.*, 113). He was able to secure greater coherence—according to his lights—in policy and administration and commenced ‘that practice of regular yearly visits to Australia and of personal control in Papuan government which led some to suppose that he acted as effective head of all the departments’ (*ibid.*, 121). This is not to say that Murray could have ruled by *fiat*; he was obliged to respond to popular concerns, some of which concerned the *idea* of the town.

A policy of segregating non-indigenous residential areas commenced early, under the Protectorate. For appropriate urban ‘form’ a fence was erected around land reserved for European residential and commercial use. The white storekeeper was moved from the native village of Hanuabada to Badili, an area developed initially as a residential zone for South Sea Islanders

and other non-European immigrants. In 1910 a native labour regulation required 'that all employees except domestic servants should be quartered outside the town area and employers were to provide sanitary accommodation. The majority ... were housed in labour compounds at Badili' (Oram 1976a, 33). An urban form comprising European town, traditional village and dormitory suburb began to crystallise. A surveyor was appointed to lay out the town grid even before annexation and a framework of urban administration emerged, based very largely on Australian models. The style was quite 'rational-legal' enough to satisfy any Weberian; Oram remarked that 'for white inhabitants, Port Moresby was administered in the same impersonal and legalistic fashion as any small Australian township' (ibid., 44). Illustrating Hart's dictum that *form* is 'the rule, an idea of what ought to be universal in social life', metropolitan precedents were applied reflexively.

Papuans were 'subject to a separate administrative regime' (ibid., 44). MacGregor had raised an armed constabulary in 1890 and a Town Guard was established. From 1899, *Native Regulations* 'impinged on every aspect of Papuan life'. 'Besides controlling migration into the town, there were further controls of movement in the interests of health [and] ... in 1915 it became an offence for a native to be on premises other than those of his employer ... during the hours of darkness. There were further restrictions to prevent gambling ... [and] native employees were prevented from leaving their quarters after 9pm without written consent of their employer' (ibid., 45–47). By such restrictions Port Moresby's guardians sought to achieve their idea of the town in the unfamiliar setting of Papua.

The 1921 Australian census showed 313 Europeans in Moresby town (Inglis 1974, 26). Indeed, in 'Port', 'white Europeans *were* the town, and made its institutions on the basis of their own whiteness' (ibid., 28, emphasis in original). Demographic change created demands for even more stringent regulation because, by 1933, the proportion of European females had increased from

33 to 45 per cent (ibid., 30). Inglis documented increasing anxiety in this small community, where agitation flared up periodically during the 1920s due to 'apprehension amounting to panic about the possibility of sexual assault on white women by Papuans' (ibid., 56). Anxiety also intensified because of opportunism on the part of Murray's enemies in the business community. In this new round of the contest between moralities women became 'pawns in the campaign against Murray' (ibid., 39). Rather uncharacteristically, Murray 'succumbed to the residents' pressure' (ibid., 88), assenting to the *White Women's Protection Ordinance* 1926, under which (though no white woman had ever been raped) even the attempt was punishable by death.

Further, 'to his discredit Murray administered and extended a long list of discriminatory legislation' (Griffin et al. 1979, 30). Adding to restrictions under the *Native Regulations*, 'a Papuan ... in a public place could not behave in a threatening, abusive or disrespectful manner towards any European, and he was not to beg or loiter'. No Papuan could wear clothes above the waist without permission while, outside the town, in a measure directed at plantation absconders, 'a Papuan not under a work contract was not allowed within five miles ... of Samarai or Port Moresby unless he had evidence that he could support himself while in the town area' (ibid.). Rowley (1965, 106) explained that such men could 'be rounded up as being "non-native" to the areas declared, and taken back to work'. This increasingly onerous restriction occurred during the post-war period of economic depression. Morale was low in the beleaguered European community; to the somewhat down-at-heel residents of 'Port' it may have seemed that maintaining racial prestige was all the more essential in adversity. In 1930 a deputation proposed to Murray that 'natives must be taught that this is a European Town and not a native playground'. While persuading the petitioners 'that emasculation and public flogging with cat and triangle "could not be acted upon in an Australian

territory”’, he yielded to the extent of approving measures for the stricter supervision of Papuans in the town and for the erection of a new fence around it’ (Inglis 1974, 107–109).

In such details Murray showed himself responsive to community perceptions of the *idea* of the town, while defusing and denying more extreme demands. This had not been the case in his most important test, the *White Women’s Protection Ordinance*. Amirah Inglis attempted to explain why this ‘thoughtful and benign administrator’ had agreed to that legislation:

‘Murray brought in the Bill ... partly because he shared many of the assumptions of the white residents about black sexuality and inferiority and about the importance of white prestige ... in this case he bowed before the ... pressure of the most influential men in the town ... In doing so he added to the burden of inferiority which the colonial relationship had placed on the Papuans and to the injustices they had to bear in the white man’s town’ (ibid., 147).

In 1937 a Papuan, Louis Vangeke, returned from Madagascar as an ordained priest, giving the Catholic Murray pause for thought. In a passage which says much about Murray’s attitude to the restrictive ordinances he had been induced to approve and his disdain for many residents of ‘the white man’s town’, James Griffin wrote how:

‘Murray reported that 34-year-old Louis was “quite a presentable youth” but some white residents were enraged that a Papuan spoke French, English and Latin, as well as several native languages. Murray noted ironically that, as drinking by “natives”—according to the ordinances—was banned, Louis should not have been able to receive the Eucharist in both kinds; that he should “strictly speaking say Mass stripped to the waist” because of “native” clothing regulations; and that he should be subject to curfew. These ordinances were simply ignored’ (Griffin 2012).

Perhaps irony was Murray's final defence, in a situation for which he shared responsibility while being aware of its inequities. In the town segregation was social, residential and administrative; race relations were 'paternalistic', following 'the master-servant model'. Discrimination manifested in a thicket of prohibitions—in the cinema, at the swimming baths, in stores and the workplace (Oram 1976a, 59). These and other restrictions would remain in place until the late 1950s, when their repeal commenced. Perhaps as a harbinger of change, the clothing restriction was removed in 1939. In that same year, however, further change was stifled by new *Native Regulations* providing that 'no native shall remain in an urban area for more than four days "without lawful and reasonable excuse"'. This measure was additional to an existing *Vagrancy Ordinance* (Oram 1967, 36).

The *White Women's Protection Ordinance* and other discriminatory measures were elements in a collective Anglo-Papuan notion of the 'form of the good'. This (to recall Nigel Oram's invocation of Plato) was a product of 'the soul's activity within itself'. The ordinance was the most dramatic element in a body of regulation—much of it directly relevant to economic activity, and all of it *implicitly* so—designed to realise the 'idea of a town'. Keith Hart (2013) has remarked on the contrast between pre-colonial cities in West Africa and the settler-created cities of southern Africa. The former retain vivid traditions of urban informality derived from their organic, unregulated origins, while the latter continue to reflect the regulatory cossetting which buttressed the original white settler *idea* of the town.

In the case of Port Moresby, settlers' fear of economic competition—quite explicit in the case made for excluding Chinese—was among the factors supporting such regulation. As for Papuan competition, the convenient notion they could never pose an economic challenge to the Australian workingman required exercising that selective blindness which refused to acknowledge

the technical training and industrial achievements of the Kwato mission, in Milne Bay Province, southeastern Papua (Abel 1969). In such an environment, what Hart described as the ‘institutional effort to organise society along formal lines’ produced neither an intermediary class of entrepreneurial Papuans nor any significant informal economic activity. The preservation morality and an Anglo-Papuan idea of the town combined to produce what Charles Rowley (1965) called *obsolescence*. Explaining this outcome requires considering the working lives of Papuans in the interwar period, and how colonial policies retarded urbanism.

CHAPTER 12

Papuans in town before the Pacific War

IF THIS CHAPTER and its predecessor give the appearance of being an extended commentary on the work of Nigel Oram, it is because of the magnitude of his contribution. It is measured in terms of historical and linguistic scholarship and his grasp of administrative and town planning principles, all informed by a profoundly humane sensibility. That later scholars have so rich a corpus to inform newer speculations, including this attempt to refocus colonial history through the formality/informality duality, is a tribute to Oram's careful documentation. Understanding how Papuans related to the town in Murray's time requires examining two closely related themes. The first—a unifying thread running through Oram's work—was Hanuabada's centrality to traditional maritime trade routes along the southern Papuan coast. The other is the nature and significance of that trade. Any conjecture that traditional trade ought to have 'predisposed' Papuans to commercial exchange is untenable, while my account of the Tolai (Ch. 8) concluded that in the market economy introduced by German colonisers they learned only to manage secondary modes of trade. That conclusion,

supporting the idea of a Melanesian singularity in regard to specialisation and exchange, will be shown here as holding with even greater force for the limited market engagement of Papuans in the early colonial period.

If traditional trade did not prepare Papuans for the commerce of Port Moresby, it did equip Papuans from other districts to live there. LMS missionaries regarded Port Moresby as ‘an entrepot where people came to trade and thus learnt about the mission’ (Oram 1976a, 14). Reverend Lawes had ‘found that a knowledge of Motu ... helped him to communicate with people as far as the China Straits’—the location of Samarai—and the government adopted a simplified ‘trade’ version of Motu, widely understood along the coast, for administrative purposes. Hanuabadans had trading partnerships with men from the Gulf in the west, and from Hula, Aroma and other places in the east. As the town grew and formal employment opportunities opened up, such relationships would become crucial in permitting other Papuans to establish themselves.

Located in a rain shadow, Hanuabada and other nearby Western Motu villages such as Vabukori were unsuitable for the village plantations encouraged by MacGregor and Murray. Nor did their men show any enthusiasm for indentured labour, instead continuing for a time to mount trading expeditions while gradually taking up formal jobs. Even there they were selective; ‘Port Moresby villagers disliked joining the police and acting as carriers, but were good boatmen and houseboys’ while ‘as their standards of education rose they became craftsmen, interpreters and clerks’ (Oram 1976a, 55). Some few women worked as laundresses and domestic servants from the 1890s, while mission-educated women trained as nurses (*ibid.*, 56). Until after the Pacific War these were virtually the only occupations open to them.

As traditional landowners in the capital, Hanuabadans enjoyed privileged access to Western education and formal employment,

enabling them to acquire a stock of 'human capital' during the interwar period. They would experience more rapid and sustained social change than any other Papuan community before the Pacific War, and in this they resembled people of the peri-urban Tolai village of Matupit. Hanuabada's inferior natural resources meant, however, that its people would become far more reliant on the formal colonial economy than did the Matupi. The latter retained a base in subsistence throughout, finding informal, complementary sources of cash income which left them much less dependent on wages (Ch. 8). By contrast Hanuabada became increasingly disconnected from subsistence and its people proletarianised. In what seems a questionable bargain, they gave up fishing, trade and pottery-making to become dependent on wage employment, mostly ill-paid and semi-skilled.

Lawes prepared scriptural materials in the Motu language and established an LMS school. In 1884 a hundred children enrolled at another such school, at Hula, could read and write (Griffin et al. 1979, 6) so that by 1941, 'a large number of people in the Port Moresby area and beyond had a fair knowledge of English' (Oram 1976a, 53). Formal education was left to the missions and in 1940 some 3,000 pupils sat for the examinations on which government school subsidies depended (Miles 1960, 9). Perhaps in consequence, Murray's attitude to Papuan capacities changed over time. After the First World War, he 'forsook his earlier views and began to see the Papuan as an independent producer, as a clerk, an artisan and a petty government official'. But influenced by the inescapable barrier of the colour bar, 'he could not see the Papuan as a business man or a professional man'. Such attitudes may account for the colonial expectation that Papuans would advance themselves on a ladder of formal employment, rather than through self-employment or trade. Western education would equip them for allotted roles in a hierarchical society (Miles 1960, 4) and, indeed, records showed many men from Port Moresby who were retired by the 1960s had

been in regular employment from the 1920s. Oram suggested that by 1941, 'many, and possibly the majority, of adult males under 50 years of age, had been in [formal] employment at some time during their lives and many of the younger men were permanently employed'. Their advancement, however, was 'limited to the lowest ranks of the official and commercial hierarchies' (Oram 1976a, 55–56).

Increasing dependence on formal employment brought with it changing consumption habits. The Resident Magistrate wrote in 1919: 'Now the males seek employment in the town, and the wife and children live principally on tea and biscuits, with an occasional tin of meat and fish, and the cultivated areas are becoming smaller and smaller' (cited in Oram 1976a, 57). Other needs for money arose, not only for imported consumer goods but also church levies, the native tax and council tax. Labour-intensive activities, such as the collection of 'bush' materials for village housing, became increasingly onerous as time became money. In 1924 Hubert Murray lamented the erection of 'some dreadful structures ... in Port Moresby village with roofs, and occasionally even sides of galvanised iron' (*ibid.*, 34). For the same reason, by 1927 the great annual feasts which had galvanised the communal energies of Hanuabadans were abandoned because of the competing demands of formal employment (*ibid.*, 57).

Papuans coming to town from areas of Motu trade were able to communicate, and to call on traditional relationships for assistance. Some married into the villages—for example, men from the Gulf district living on Vabukori land from 1927 (*ibid.*, 34). Perhaps responding to the decline of Motu voyaging, Gulf people began to sail to town with sago from the late 1920s (*ibid.*, 57). During the Great War traditional Hula trading canoes ceased to ply, but enterprising Hula families in smaller craft continued to visit Moresby for sago, exchanged for fish caught locally as Motuans neglected their fishing grounds. Much later, after the Pacific War, Hula control of fishing off the town would be virtually complete and Hanuabadan

fishing would become simply recreational. Men from beyond the traditional trading regions were recruited as indentured labourers for wharves and public works. Others began to practice short-term circular migration to achieve specific goals. Paying head taxes and church dues motivated some, since casual jobs were available for up to three months without indenture (Oram 1968a). Then they were liable to be sent home because authorities (especially after the *White Women's Protection Ordinance*) policed regulations zealously. It was a source of satisfaction for officials to point to the almost complete absence of 'detribalised' Papuans in 'Port'.

Though numbers of migrant workers living in or near Port Moresby were never large in the interwar period ('well under 500' before 1941 [Oram 1976a, 38]) and few had dependents in the town, they still had to be housed. Short-term visitors from coastal regions could beach canoes at friendly villages and some permanent settlements originated from such episodes. Others acquired occupancy rights by marrying local women or relying on fictive kin relationships from traditional trading, while many were housed in labour compounds at Badili. The area was insanitary and from letters to the *Papuan Courier* in 1940 we learn that 'it was no wonder that natives preferred to build their own quarters "by erecting a crowd of unsightly humpies made from scraps of tin, waste bits of corrugated iron, packing cases and shattered boards"' (ibid., 34). Some Hula who succeeded in remaining for extended periods built dwellings as 'permitted occupants' on traditional land, or as squatters on government land (Oram 1968b, 3). These changes suggest the beginnings of Papuan informal investment in urban housing, occurring as pushback against the bureaucratically prescribed urban 'form'. Whether on customary land or in settlements of migration, such informal action challenged the colonial 'idea of the town'. After the Pacific War it would transform the physical fabric of Port Moresby.

Intimations of an urban informal economy

In much of the developing world, incremental investments in non-traditional housing are among the most important elements of an urban informal economy. Such investments, involving the use of industrial materials and introduced tools, were emerging in interwar Port Moresby. There is no evidence of the extent to which these represented monetised (i.e., *informal*) transactions, rather than customary self-help arrangements combining the utilitarian and the traditional. More generally, evidence of economic informality is quite limited in the historical record. For instance, visits by Gulf district voyagers bringing sago to the urban villages, and by Hula families to obtain sago, probably amounted to traditional utilitarian barter (a modernised version of Allen's 'subsistence trading' [Ch. 6]) rather than monetised informal transactions). On the other hand, circular migration to earn cash for head tax and other obligations by selling fish in the town (done by those frontrunners of informality, the Hula) *did* represent incipient informal economic activity.

Evidence is abundant of the failure of Motu people to produce any significant food surplus for sale in the town, whether to Europeans or to labourers in the Badili compounds. In any case white settlers 'did not enjoy sago and yams, the staple diet of the local Papuans, and with a five-weekly boat from Australia were not forced to eat them, but subsisted mainly on tinned food, unless they were lucky enough to employ a "shooting boy" who brought in fresh wallaby' (Inglis 1974, 36). Nor did demand from Europeans stimulate Hanuabadans to commercial fishing, since they were abandoning subsistence fishing. In the early 1920s the Australian *Navigation Act* (Ch. 8) disrupted shipping to the degree that 'European food supplies were endangered and employers threatened to send their indentured labour to Port Moresby to be fed by the Administration' (Oram 1976a, 29). From this we can assume that not only were plantation labourers customarily fed imported rice and bully beef

but that there was no surplus production of, or trade in, Papuan staples. It is telling that only after 1953, when Koke (Koki) market was established near Badili (see Figure 7, p. 185), did the town have a focal point for informal fresh food marketing.

Oram looked for evidence of market economic activity in the interwar period, concluding that ‘few Papuans undertook money-earning enterprises on their own account’. Among the few positive examples was cultivation for sale of exotic vegetables (including tomatoes and pumpkins) by Koita agriculturalists, neighbours of the Hanuabadans. Nor could the latter be induced to provide fish for the town. It was left to people who appear in this narrative as precocious informalists—seaborne visitors from Hula—to hawk catches from door to door. A technically trained and well-paid Motuan named Oala Dagora took the initiative to leave his formal job and buy a lorry, leading Murray to comment in an Annual Report that ‘perhaps Papuans are trying to advance too quickly’. In 1929, the people of Hanuabada and Tatana owned cutters in which they shipped sago from the Gulf, and Vagi Rei of Vabukori owned a sailing boat for trading kerosene with Gulf people. He put money in the bank (‘unusual in a Papuan’) enabling his son to build up a trade store (*ibid.*, 56).

As suggested above, it is not clear that efforts to obtain sago from the Gulf using modern vessels showed any intention to retail sago commercially. More likely, the Motu men concerned were motivated by desire to achieve prestige by reviving or sustaining traditional Maussian feasting and at best these were hybrid transactions rather than ‘market’ dealings. Murray’s negative reaction to Dagora’s entrepreneurial gamble hardly suggests official encouragement. Instead it recalls the mindset leading him to discourage private traders from dealing with village copra-growers. Finally, it is telling that visitors from Hula rather than Motu residents hawked fish around town and on the beach near Badili. This is not to deny the truth of other instances of informal activity by local villagers

mentioned by Oram, but the record is negligible compared with the situation in contemporary Rabaul.

An ‘obsolescent’ economy and society

World War II came to the island of New Guinea in 1942, the Japanese occupying Rabaul in January and bombing Port Moresby from February. Preparation for hostilities had commenced earlier in the Papuan capital with some build-up of white population and formal indigenous employment altering the complexion of Hubert Murray’s town. His tenure as Lieutenant-Governor had ended two years before, in its thirty-third year. Maintaining his habits of restless energy, Murray died in harness at Samarai en route to inspections in the Trobriand Islands. Reflecting on the condition of Papua and its capital at the end of this long career, an expression used in *The New Guinea Villager* by Charles Rowley is revealing. He employed the term ‘obsolescence’ to describe the unified Territory of Papua and New Guinea after the Pacific War. It signified a dysfunctional state, unsustainable in social and economic terms and marked for change. But this was true even *before* the war, and more particularly so in Papua where the condition was acute. In what follows the social and economic obsolescence of pre-war Papua and its capital will be argued.

Historians such as West and Joyce, respectively the biographers of Murray and MacGregor, had remarkably little to say about the town these men created. West, during whose period Port Moresby took more definitive shape, was perhaps guilty of the same selective vision he ascribed to Murray: ‘Concern for natives on the fringes of contact distracted his attention from those who had been in contact with Europeans for well over a generation ... and who wanted or might have been ready for innovation. Pioneering interested Murray: established respectability and routine did not’ (West 1968, 275). To the extent this was true it helps explain Murray’s austerity

in regard to ‘furnishing’ the town as a place for living, rather than simply an administrative centre and port. He was notorious for spending more on the wharves than on urban amenity and ‘Port’ was the subject of invidious comparisons with the altogether grander town of Rabaul. If West rather neglected Port Moresby in his account of Murray it was because Murray himself thought little of it. It was for him ‘a trying place’ and its society ‘maddening’, although ‘the lieutenant-governorship compensated for these disadvantages’ (ibid., 121).

It was left to Nigel Oram to take Port Moresby seriously. For him, in 1942 the formal town was Australian, both ‘in appearance and character’. Its residents almost exclusively European, they enjoyed ‘standards of services and amenities similar to those available in a small Australian country town’. As to the Papuans, other than in daylight hours when their ‘only function’ was ‘to provide labour’, they were excluded from the formal town (Oram 1976a, 41). In Port Moresby and its villages and compounds there were some 400 Europeans and between three and four thousand Papuans (no more than 500 from elsewhere). There was ‘a handful’ of Asians and mixed race people, including just four Chinese men (ibid., 59) and some few ‘Malays’, Filipinos and South Sea Islanders mostly resident in Badili. Such ‘coloured’ immigrants occupied an intermediate social space, better paid than Papuans and filling ‘the middle ranks of the public service and commerce as clerks, headmen and mechanics’, though seen as inferiors by Europeans. They differed markedly from that other intermediate group, Rabaul Chinese, in that they were not in general entrepreneurial. There is no evidence of their engagement in informal economic activity, nor of the ‘moonlighting’ so common among the Chinese. Moreover ‘they did not form a corporate social group ... were few in number ... had virtually no political influence and made little impact on the social life of the other racial groups’ (ibid., 38).

Papuans in and around the town were still ‘treated as inferiors to whites in many and often humiliating ways’. Oram claimed their acceptance of this was induced by limited aspiration and the Christian missions (influential in inculcating notions of a present ‘time of light’ which had succeeded a ‘time of darkness’). A still undeveloped consciousness of racial discrimination repressed awareness of their objective situation. They remained subject to ‘the psychological effect of smothering paternalism’, an influence unlikely to encourage entrepreneurial behaviour. Oram judged that, ‘while difficult to measure [this situation] led to a passivity and an attitude of dependence in the face of external challenges which were to leave the villagers defenceless against rapid social change ...’ (ibid., 61). Such change commenced with the Japanese advance to within 30 miles of Port Moresby, and the Allied response in which Papuans were caught up willy-nilly.

Paternalism in the culture of colonial society affected Papuans’ ability to improve their livelihoods. This was suggested by Crocombe’s anecdote (Ch. 10) concerning the failure of Northern Division villagers—even after the Pacific War—to grasp that they could grow crops individually. Such a situation diminished Papuan capacity, whether for independent, informal, market engagement or even for formal employment. The final chapter of the Murray saga, and the role played in it by Hubert’s nephew Leonard Murray, is richly suggestive of this bureaucratic culture. A long-serving member of Hubert’s Executive, and committed to the ‘Murray Policy’, Leonard was appointed Administrator in 1940. He served for a short period marked by disorganisation, and friction with the Commandant of Australian forces. Leonard Murray was accused of having abandoned Papuans on the eve of Japanese invasion by withdrawing staff from ‘out-stations’, rural administrative posts (Nelson 2000). In a post-war Commission of Inquiry, Leonard defended this decision, claiming—in a revealing passage cited in Oram—that:

‘An integral part of our native policy in Papua has been to keep every village native’s rights intact ... There were no detribalised natives dependent on the white man to live as are found in large numbers in other countries. In any crisis natives who were away from their villages could return to them and resume their village life’ (cited in Oram 1968a, 69).

Oram said this statement ‘was an epitaph on the Murray regime. He did not consider that Papuans would have suffered much harm from the withdrawal of white officers’ (ibid., 68). Alternatively, we might see this as Leonard Murray admitting to an official policy of retarding urbanism in favour of the preservationist orthodoxy.

Obsolescence and retarded urbanism

Retarded urbanism was a corollary of Rowley’s ‘obsolescence’, achieved by braking normal processes of family formation and economic diversification in towns. In Papua this situation originated from the earliest colonial period, and by the 1930s a fully formed bureaucratic framework existed for discouraging, even repressing, urban development. While elements of such obsolescence were also present in Rabaul its hinterland economy was more robust and indigenous agricultural innovation was occurring. Such influences lent greater vigour to the town (Ch. 8). Tolai were active in independent cash crop production and participating in a thriving set of rural-urban economic relationships, activities with little counterpart in the Port Moresby hinterland.

Rowley saw urban and rural problems as two sides of the coin. PNG was obsolescent by comparison with other decolonising states because so small a proportion of its population was committed to formal employment. In rural areas, ‘the great majority of those who have tried employment as a way of life have rejected it after one experience. The levels of management and the rewards have been typical of the plantation system at an early stage of development,

for [PNG] plantations are among the most obsolescent in the world' (Rowley 1965, 114). The system was inefficient and plantations were sustained by an implicit subsidy they extracted from the villages supplying their labour (a subsidy also acting to depress urban wages). In remarks describing the plantation sector of the 1950s, but equally applicable to pre-war Papua, Rowley asserted:

'We have accepted the heavy degree of dependence on migrant labour, with its economic and social consequences. Economic effects include the rejection of wage employment by villagers who live close to the places of work. This in turn necessitates further dependence upon unsophisticated primitives, a primitive standard of labour efficiency as the norm, and poor management. Social consequences are that wages, workers' compensation and services are fixed with relation to the *single* worker from the bush, and on the assumption that the village is his real support' (Rowley 1958a, 541, emphasis added).

Societal, as distinct from economic, obsolescence was evident from 'the fact that such a high proportion of those who go out of the villages for employment are very short term transients through the towns, acquiring most of their sophistication in the brotherhood of the plantation labour lines along the coasts' (Rowley 1960, 1). This situation, exacerbated by policies to repatriate the unemployed from town and repel independent migration to it, was also unsustainable. People could not indefinitely be denied exposure to 'the impact of ideas, the monetisation of the economy, fluidity of movement, the development of communications, the impact of Western education and literacy which undermines the traditional systems of belief and directs the minds of villagers out into the great world'—exposure which Rowley (1965, 196) saw as intrinsic to urbanism.

Even more fundamentally, 'without some degree of efficiency and stability in wage employment, [PNG] cannot develop the basic requirements of a modern community' (ibid., 111). But efficiency

also demanded a greater degree of wage equity, and this was not secured in towns where wages, as in rural areas, were based on the 'single man' standard. To achieve stability of urban employment would require a family wage, posing a 'basic dilemma' for employers. 'The wage has to be a living wage, and it is insupportable to expect a family to live in a town where prices are the same for white and coloured ...'. On the other hand 'wages have to bear some relation to productivity; and increased productivity requires attitudes which are the reverse of traditional ones, basic and technical education, improved health and more effective incentives than the strongly authoritarian management, which is still common in town as well as country areas, can provide' (ibid., 199–200). These deficiencies, underlying both the obsolescence of industrial organisation and the retarded urbanism of Port Moresby, were already in place by the end of the Murray era.

Social obsolescence was evident in a wage structure acting 'to limit the possibilities for normal family life in town' with negative impact on quality of life for all residents. Along with discouraging urban family formation it led to circular migration, threatening the stability of both urban and rural populations. Hanuabadans, their lands progressively enclosed within the town, were in a different category. 'These people have borne the full impact of urban development' by committing to wage employment while losing the subsistence production which subsidised indigenous employment in 'obsolescent' Port Moresby. 'The gearing of the wage to the needs of the single man has had especially deleterious effects in this kind of village' (ibid., 197). Hanuabadans were acquiring some characteristics of the 'detribalised native', whose presence in Port Moresby Leonard Murray was so anxious to deny. The Matupi in Rabaul were different because they maintained subsistence agriculture well into the post-war period. They supplemented it with informal economic activities, whereas van Leur's 'secondary' trading was notably lacking in Moresby.

The failure of Tolai and Chinese in Rabaul to conform with social arrangements flowing from Dernburgian orthodoxy, and to accept the economic roles it assigned them, resulted in informal economic behaviour. By contrast, Papuans in and around Port Moresby in the interwar period very largely *did* accept the orthodoxy implicit in the 'Anglo-Papuan' idea of the town and conformed with the economic and social behaviours it required. Normal processes of urbanism were inhibited and autonomous Papuan enterprise, if not actively suppressed, could scarcely flower in the highly regulated town environment. As mentioned, there was some informal marketing of agricultural produce and fish among Port Moresby villagers while others had taken tentative steps towards service activities. But if there was little scope in the town for informal activity, neither was there the open unemployment which might have driven some Papuans to resort to it. This was because urban residence was controlled to exclude 'incomers' without formal means of livelihood.

As we have seen, many men from urban villages had significant experience of formal wage employment from the interwar period, while others continued to engage in traditional subsistence. The balance between these options altered over time. As wage employment became more important subsistence declined. However traditional sharing within and between families still required wage earners to support unaccustomed numbers of people amid growing deprivation. In rural areas Papuan market economic activity received only fitful encouragement, under circumstances in which policy favoured communal activity over individual initiative. Further, for 'unlucky place' reasons—having to do with the unpromising character of the capital's immediate hinterland and the inadequacy of investment to link it with more distant regions—interwar Papua failed to develop any vigorous system of rural-urban economic linkages such as characterised the Gazelle region. The mercantilist ideology prevailing in New

Guinea was both more compelling and more coherent than the preservationist orthodoxy guiding policy in Murray's Papua. It is tempting to suggest this as explaining the spirited pushback against bureaucratic regulation observable on the Gazelle, as Tolai reached for the economic opportunities available. By contrast, in Papua the native people appear to have been relatively passive in the face of the 'smothering paternalism' of colonial bureaucracy.

This is not to suggest pushback against bureaucratic regulation was completely absent from Papua in the pre-World War II period. A major exception was the willingness of newcomers to the capital to invest in informal housing, in face of official efforts at control. Among 'pacified' rural populations resistance took a number of forms, including reluctance by some to 'sign on' for formal indenture and the unwillingness of many to re-engage. Among those accepting contracts, pushback took the form of friction between labourer and overseer, and of desertions. These are scarcely dramatic instances but 'there was a gap between open opposition to the government, its laws and its officers, and the small thefts and evasions that could occur on plantations'. The latter might occur when 'Papuan were prompted to assert their dignity as men' (Lewis 1996, 268).

Again, some rural villagers sold copra to private traders, rather than through prescribed channels. Few seem to have been as enterprising as those from Hula who, lacking their own coconut palms, obtained nuts through traditional barter, made copra and then resold it to traders for cash. Non-conformity was seen also in the failure of some individuals to return home after indenture. This led to their long-term disassociation from village society, an outcome authorities were anxious to avoid. Some few drifted to urban areas and managed to escape repatriation while others found their way to mining camps. Independent 'artisanal' gold mining, conducted by groups of former indentured mine-labourers,

was another rare instance of rural informal economic activity in the interwar period.

The obsolescence of Papuan plantation economy was due to poor management and a labour system typified by what Rowley (1958a, 541) called 'a primitive standard of labour efficiency as the norm'. Plantations relied on what Belshaw (1957) recognised as an implicit subsidy, paid to them by the rural village sector (Ch. 10). This situation had its counterpart in the obsolescence of Port Moresby society, where the regulatory framework and the consequences of racial discrimination, together with a wage structure influenced by rural levels of remuneration and based on the needs of the single male, prevented the small urban migrant community from developing a normal population structure. In terms of their use of Papuan labour, both urban and rural economies were caught in a low-wage, low-productivity trap.

Papuan urban workers were disadvantaged by a regulatory environment having as its consequence, intended or not, repression of the informal provision of marketed goods and services. Such 'wage-goods' were commodities of potentially great significance for low-paid urban workers. Although Rowley's assertion of obsolescence related to the 1950s I have chosen to 'back-project' this situation to the 1930s, making the case that not only was the condition already present before the Pacific War but that Port Moresby was in a worse state than Rabaul. Rural-urban linkages on the Gazelle enabled urban workers to enjoy the relatively low-cost wage-goods found in the *Bung*, the Rabaul town market, which had no counterpart in interwar Port Moresby. Further, innovation was occurring in indigenous cash cropping in the Gazelle hinterland, raising the cash incomes of rural dwellers and permitting the more efficient provision of produce for urban consumers. In both territories at that time, however, the absence of efficiency and stability in formal wage employment prevented the emergence of what Rowley called 'the basic requirements of a

modern community'. A substantially higher incidence of economic informality around Rabaul was evidence of its greater progress towards participation in the market economy than had proved possible in Murray's Papua, while Rabaul demonstrated a more vigorous urbanism than its 'Anglo-Papuan' rival.

CHAPTER 13

Hidden valleys: A new white Highlands?

INFORMALITY CHALLENGES BUREAUCRACY by failing to *conform*. The metaphor of pushback is employed in this study as shorthand for such non-conformity—*kicking against the pricks*—as the King James Version has it. Unfortunately for the bureaucratic state and its administrators Damascene conversions were relatively uncommon among colonised populations; their propensity for informal action was not only persistent but had an almost microbial capacity for mutation when challenged. That propensity was illustrated by a highland population in and around the Goroka Valley, located in the Mandated Territory of New Guinea (and now in the Eastern Highlands Province of PNG; Figure 6). These ‘Gorokans’ were a distinct element of the greater highland population whose traditional trade patterns were described by Ian Hughes (Ch. 6). To complete the narrative in Part B of this study requires an account of their incorporation into the Mandated Territory. This chapter describes the earliest stages in the introduction of Gorokans to market economy, commencing their transition from subsistence.

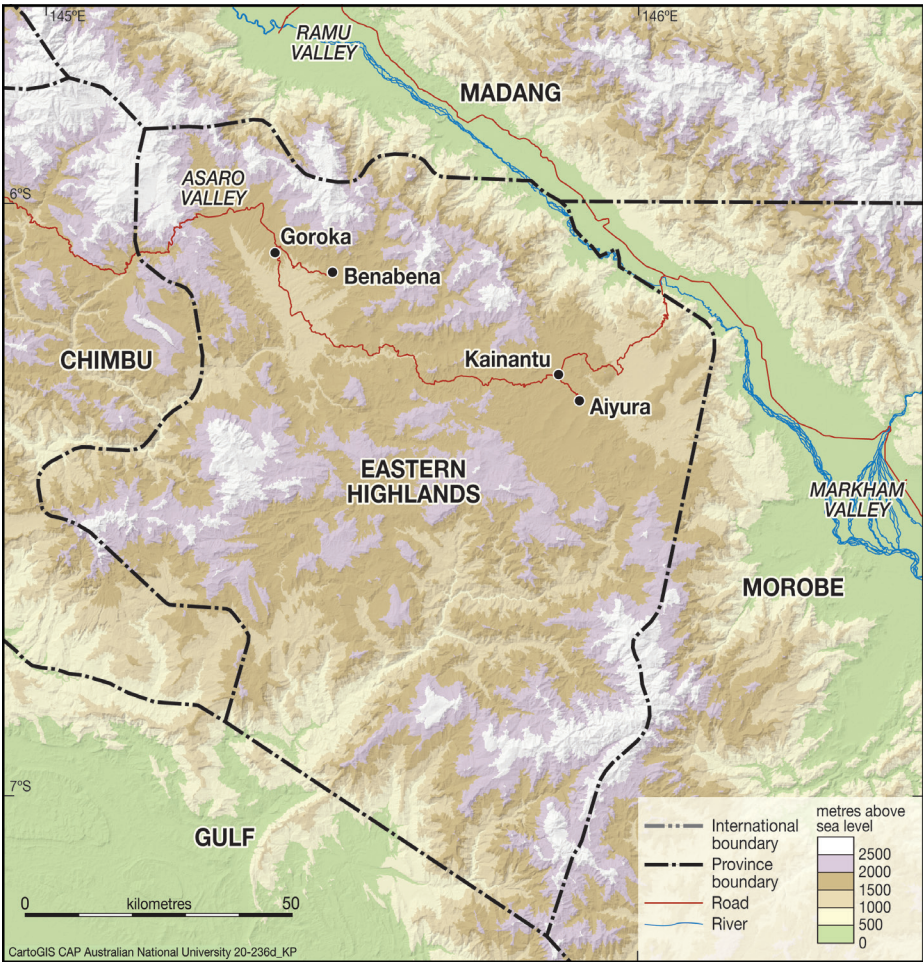


Figure 6: Goroka and the Eastern Highlands

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 monetised exchange, but by Independence in 1975 they had become active participants in the international coffee trade. This experience involved great change in their modes of livelihood and social organisation. The ensuing disruption of their traditional lives and the necessity to adjust led many to cope by engaging in economic informality, while also

displaying hybridity in their economic activities. As previously explained (Ch. 2) the informality construct cannot be applied to traditional forms of exchange such as occurred in pre-contact Goroka. Informality 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 'market' norms. It also induces hybrid behaviour, in situations where introduced market economic dealings sit uncomfortably alongside traditional norms, with one apt to compromise the other.

The colonial intrusion: 1930–1945

This introduction to early colonial Goroka deals briefly with the 'discovery' by Europeans of the previously unknown central Highlands populations of the island of New Guinea. For most of the interwar period the outside world regarded the region as a void because overstretched colonial budgets and administrators' continuing preoccupation with coastal populations had combined to delay 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 (see Figure 1, p. xxvi), 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 up the region it was left to men patrolling on foot to make the initial, stunning discoveries. An account by Francis West conveys the impression these produced, inspiring comparisons with British colonial settlement in the highlands of Kenya:

'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 system described by Hughes as 'interlocking and overlapping', and consisting of a myriad of personal trading networks. 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 of, while officials suspected, the existence of a previously unknown 'Tibet' in the mountains, both groups had their own reasons for not publicising 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 an official party led by District Officer Taylor and including the brothers

Mick and Dan Leahy, civilian gold prospectors. They proceeded from 'Upper Ramu' (later Kainantu) at the head of the Ramu Valley passing through what is now known as the Goroka Valley, and to as far west as present-day Mount 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, 175–176).

Violence occurring during the subsequent rush into the interior by miners and missionaries 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 town, where the construction of a wartime airstrip would establish the settlement's regional primacy. Despite episodes of Japanese bombing, the posting of some US and Australian troops to the district, outbreaks of introduced disease requiring attention from medical patrols and some agricultural innovation, the area remained comparatively undisturbed. One should not think of pre-contact Highland societies as static, however. 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 stemming from European contact. These were the introduction of steel tools and the importation of unprecedentedly-large quantities of the marine shells which had served as media of exchange in traditional Highlands trade, and as valuables in ceremonial exchange.

Salisbury (1962) showed how the eclipse of stone axes by steel drastically reduced the time required for Highland men to make their normal contribution to subsistence production. Their initial response was to spend much of this extra ‘leisure’ engaged in warfare. As pacification proceeded, their energies were diverted to an ‘efflorescence’ of traditional (i.e., Maussian) exchange—contesting for prestige and political influence through feasting and the ceremonial distribution of wealth in pigs, shell and other 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 the European intruders understood how much Highlanders prized the comparatively few shells they had been able to acquire through traditional exchange.

Grasping 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, 311–312). 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 judgement 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 (Ch. 3) called 'political consolidation'—the forging of larger political groupings and the ascension of leaders with greater power and

influence. Among the causes of 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 colonial authorities as interlocutors 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 to have increased.

The account of Goroka's induction into market economy will continue in Part C of this study. This includes a series of chapters concerned with the period following the Pacific War and dealing in turn with Port Moresby (Chs. 16–17), Rabaul (Chs. 18–20) and Goroka (Chs. 21–24). But first it will be useful to consider the ideological change represented by the early post-war adoption of the idea of 'economic development' in the Western capitalist world, and its application in what came to be known as 'under-developed' or 'developing' countries, PNG among them. As in other territories affected by the conflict, an incoming Australian administration was obliged to face severe problems of reconstruction and rehabilitation in preparation for the task of development, while the economy and society of the territory to be 'developed' were, in important respects, in the condition described by Charles Rowley (Ch. 12) as obsolescent.

