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Preconditions for an informal economy: ‘trucking and bartering’ in New Guinea

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Abstract

This fourth paper, in a series on the theme of the informal economy, considers the extent to which premodern trade in Melanesia constituted any preparation for engagement with the market. It reviews explanations of trade and exchange in 'aboriginal' societies, from Adam Smith in the eighteenth century and the German historical school in the nineteenth, to their modern heirs and critics. The view of trade as due to a natural human tendency to 'truck and barter' is counter-posed against a conception of exchange as the product of socially regulated customs, in the manner of *The Gift*. Malinowski's account of the *kula*, and its (mis)interpretation by Van Leur, the historian of Asian trade, raises the question whether Melanesia possessed any counterpart of the travelling Asian peddler. To consider this question, the paper examines the traditional trading systems of regions which would later become the hinterlands of three modern towns (Rabaul, Port Moresby and Goroka). In preparation for later discussion of these towns' colonial experience, the paper surveys the traditional trade of the New Guinea interior, the long-distance seaborne trade of the coasts and islands, and the particular case of the Gazelle Peninsula. It draws conclusions which throw some light on the question of Asian-style 'peddling' in Melanesia. Finally, the paper considers how Keith Hart's concept of 'informality', derived from Weber's notion of rational/legal bureaucracy, could be seen as applicable to the early colonial setting of New Guinea. It finds a piquant correspondence between a highly bureaucratized German New Guinea and the Weberian original, located back in Bismarck's Berlin.

Keywords: Informal economy, natural economy, premodern trade, kula, hiri, Van Leur, Malinowski, Weber, Keith hart, Mauss, Fisk, German New Guinea, Papua New Guinea, Melanesia

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Prologue to the revised version of this paper (November 2013)

This **fourth study** in a series concerned with the intellectual history of the informal economy is relevant to current concerns in Papua New Guinea (PNG; the eastern half of the island of New Guinea). **The first study** (Conroy 2012a) dealt with Keith Hart's introduction of the idea of an *urban* informal economy. It considered earlier writers who described what may be seen (in retrospect) as informal economic activity and who might be seen as precursors of Hart and his ideas. These studies were set in mid-Victorian London (Henry Mayhew), late-colonial British West Africa (Peter Bauer) and PNG (Richard Salisbury). The last, concerning the *Siane* and *Tolai* ethnic groups, provided examples of social and economic change in the late colonial period in New Guinea. These precursor studies opened the possibility of considering informality in market exchange across a broader compass than that of Hart, one embracing countryside as well as town.

To bring the PNG rural sector into the narrative, **the second study** (Conroy 2012b) dealt with the subject of 'subsistence affluence', a concept introduced by the economist E K Fisk. It found some precedent in the work of Salisbury (who influenced Fisk) and other anthropologists including Mauss and Sahlins. Fisk was seen to stand in a line of economists including Lewis, Myint and Bauer (all owing much to Adam Smith), although Fisk's own adherence to neoclassical assumptions and method was emphasized. A study of *New Guinea Stone Age Trade* by Ian Hughes provided a sense of that propensity to 'truck, barter and exchange' which Smith believed was innate to humanity. A critique by Chris Gregory, from a Maussian perspective, challenged the idea of 'subsistence' economy as a misconception, of subsistence 'affluence' as a chimera and of commercial exchange as a misnomer in traditional society. For orthodox economists, the significance of an affluent subsistence sector lay in an untapped margin of resources hidden within it, whittled away over time by population growth. So long as some degree of 'affluence' remained, this had implications for the willingness of Papua New Guineans to engage in the market economy and to 'hustle' for a living in informal economic activities. The study also recalled the visit of Keith Hart to PNG in 1972 and his introduction of the 'informal sector' concept into policy discussion on the eve of self-government.

The observation that informal economic activity was of relatively limited significance in PNG, at least until fairly recently, provided a starting point for **the third study** in the series (Conroy 2013a). The paper sought explanations for this by comparing two stylized cultural entities, *Monsoon Asia* (where the informal economy is dynamic) and *Melanesia* (where it is limited in scope and contribution to livelihoods). Papua (occupying the western half of the island of New Guinea) was presented as the meeting point of these two stylized entities, and as a zone of transition between the ceremonial exchange of Melanesia and the system of tribute imposed on Papuans by Moluccan sultanates. Limited economic specialization and exchange in Melanesia contrasted with the Asian household economy, enmeshed in complex social hierarchies and systems of occupational differentiation. Historically, the Malay Archipelago engaged in a world trading system, into which it drew west New Guinea over millennia. As shown by the work of the Dutch historian J C Van Leur, travelling peddlers played a key role in the archipelagic trade system, demonstrating the antiquity of the informal economy tradition in the cultures of Monsoon Asia. The paper sought explanations for the comparative absence of that tradition in Melanesia. Finally, it examined the rapid and dramatic emergence of an informal economy in Papua, dominated by non-Melanesian immigrants, in the wake of the incorporation of (Dutch) west New Guinea into the Republic of Indonesia in 1963.

1. Colonialism and the 'natural economy'¹

In industrializing countries experiencing political and social stress during the nineteenth century the idea of primitive peoples living in a 'natural economy' had a certain appeal, redolent perhaps of an imagined past. Coincidentally, many in the political class were arguing for the acquisition of overseas territories, populated (it was thought) by such peoples. In the case of Germany, Woodruff Smith discerned two prevailing ideologies of colonialism which contended for influence between 1840 and 1906. These programs he styled as, respectively, 'emigrationist' and 'economic'. The former called for emigration to colonies as a remedy for contemporary German ills, while the latter saw colonies serving German economic interests as sources of raw materials and export markets, but without large-scale emigration (Smith 1974, 641-2). While instances of both could be found across the range of Germany's colonial possessions, the latter tendency was foremost in its *weltpolitik* by the end of the century.

Each of these programs was supported by a particular economic rationale, with the emigrationist party aiming to ameliorate domestic social disruption and unemployment resulting from industrialization and structural change. The 'economic' tendency originated with Friedrich List (1789-1846) who saw potential for the continuing industrial growth of a German 'core', supported by an agricultural 'periphery'. In early versions of this narrative the periphery was to be located in eastern Europe -- where it would have catastrophic echoes in the twentieth century -- but later the periphery was seen as better located in a tropical colonial domain. The ascendancy of the economic view was clear by 1900. This coincided with a nationalist turn in foreign policy, encapsulated in the 'Trietschkean formula', which held 'that Germany's position as a power depended on her overseas empire' (Moses 1969, 53).

Traders, missionaries and officials carried much baggage to newly-acquired tropical dependencies, including (aside from personal expectations) the institutions of bureaucracy and market exchange. The discussion of culture contact under colonialism is illuminated by exploring both the perceptions of Europeans and their institutional innovations. An historian of German New Guinea, Stewart Firth, has given a withering account of German attitudes to the subject New Guinean peoples in the late nineteenth century: 'Like the Australians after them, they believed that the villagers of New Guinea were inferior human beings, less intelligent and deserving treatment appropriate for children or even animals'. For Firth the German Colonial Exhibition of 1896 showed the strength of such beliefs, when for six months the event 'gave curious Germans the opportunity to observe the "natives" of their colonial empire living in "native villages" in Berlin parkland and performing at certain hours of the day as if in a circus or a zoo' (Firth 1982, 151)². The New Guinean delegation in Berlin in 1896 consisted of six Tolai men and a boy. A contemporary German account recorded that they and their African counterparts 'were taken on sight-seeing excursions ... so as to learn lessons of "respect and

¹ My thanks to Ron Duncan for his continued support, and to Ian Hughes, Colin Filer, Bill Standish and Bill Stent for helpful comments. I am also grateful to Keith Hart for his encouragement.

² This spectacle had precedent in the activities of Carl Hagenbeck, a Hamburg entrepreneur credited with creating the modern zoo (Rothfels 2002). Hagenbeck's example inspired similar activities in a number of European states, culminating in the creation in Paris of an *Exposition Coloniale* at which, in 1907, over a million 'curious visitors' saw elaborate 'villages' representing 'all the corners of the French colonial empire at the time'. See the photo essay at <http://www.messynessychic.com/2012/03/02/the-haunting-human-zoo-of-paris/>

subservience to the 'clever white man'" (Firth, loc. cit.). It is not clear whether this achieved the desired result; by another account the Tolai 'especially noted how much lower prices were in Berlin than they were in Kokopo' (Salisbury 1970, 34) and when Richard Salisbury met the last survivor of the party in 1961 he found his memories similarly matter-of-fact. His informant 'remembered that Masai and Cameroonians danced in Berlin, and he could repeat the names of all the ports to Naples, and recalled the quality of German beer' (Ibid, 34n).

For Bismarck and his successors the imperialist project served an important purpose in the face of the 'preclusive imperialism' -- clearly evident in New Guinea -- practiced by the British. In domestic political terms, imperial expansion served 'as a means of integrating a state torn by class differences, whereby the enthusiasm for colonies and crude anglophobe nationalism could be manipulated as crisis ideologies for electoral and party political purposes ...' (Wehler 1970, 153). Such a domestic electoral agenda might explain the tenor of displays mounted at the Berlin Exposition, while saying little about the underlying rationale for German colonization. Firth's anecdote may well represent the attitudes of the generality of non-official colonists in German New Guinea as well as those of many people at home, but the extent to which these informed colonial policy may be doubted. The remarks of a *Neu Guinea Kompagnie* medical officer in 1898 may give a better guide to the outlook shaping the dealings of the Reich with native peoples:

'The Papuan is a born agriculturalist ... and in a certain sense both industrious and keen. He works only for himself, obeying only necessity ... he does not have the idea that he could work in preparation for an uncertain future nor does he reflect that by working he could come to enjoy a comfortable life ... [and] the gulf between the two races is so great that the Papuan would not wish to imitate the European. Neither will he do anything for the European for the purpose of assisting in his agricultural labour, nor for any rationalised idealistic or materialistic motives, but only from need, from habit, or from compulsion' (Dempwolff 1898, cited by Moses 1969, 51).

This observation acknowledges a 'gulf' in values and understanding between the races which the European can resolve by operating on the needs or habits of the other, or by compelling him. The native must be made conscious of need -- perhaps by opening up new vistas of consumption, or being obliged to pay taxes. Habit may be inculcated by education and training, or industrial discipline supported by compulsion. There is some limited appeal to the possibility of mutual advantage in the relationship, a suggestion perhaps that the 'Papuan' will see the opportunities of trade and labour as a source of new satisfactions, but ultimately the sanction of compulsion is available to secure the appropriate outcome.

In 1907 Bernhard Dernburg became Secretary of State for Colonies, in which role he would attempt 'to apply economic colonialism in a consistent manner throughout the colonial empire' (Smith 1974). He had earlier outlined German aims with a clarity and absence of self-doubt which provided a considerable contrast to the more tentative approaches of MacGregor and Murray in British New Guinea/Australian Papua. The purposes of German colonisation were 'material and mercantilistic', requiring the imposition of

'an exchange of goods and men for culture and civilization. These last two we must bring to the native inhabitants and thereby we achieve several goals simultaneously because one of the most important things that a civilized people is in a position to impart is pleasure in work and gainful activity. The national-economic purpose of this commercial activity is, however, the acquisition and development of raw materials which we do not have in our national (54) economy, and also the markets without which a people dependent on industry, confined to its own national borders, and with a large annual population increase, cannot acquire the necessary means for their existence as a nation' (cited by Moses 1969, 53-4).

Though couched in the language of high policy, these sentiments are precisely those of the *Kompagnie* doctor. Dernburg's mercantilism justifies taking advantage for 'national-economic purpose'. It is the imposition of values by 'a civilized people', brooking no suggestion that the exchange might be unequal, and devoid of scope for agency among the 'native inhabitants'. Dernburg is credited with having initiated 'an economic takeoff' in the colonies, but one in which 'the consequent material growth and the intensified pressures on the native populations posed enormous difficulties for those responsible for a humane native policy' (Hempenstall 1978, 21-22). But despite the responsibility of German colonial officials to give practical effect to the *diktat* of high policy, it would not be surprising if some at least resorted to conceptions of indigenous values and motivations relying less on compulsion than on human understanding. If so, there was available to them a substantial tradition of attempts to theorize the economic behaviour of 'primitive' peoples, notably (for present purposes) the nineteenth century German school of historical economists. These were among the successors of Friedrich List, the very progenitor of 'economic' colonialism.

Members of the German school saw *naturalwirtschaft*, a 'natural economy', as typifying livelihood activity in many pre-capitalist social formations. There, what Adam Smith had called the 'propensity to truck, barter and exchange' might be observed. The term is dogged by imprecision, however. At its most inclusive, and least illuminating, natural economy 'is all those characteristics of all precapitalist modes of production that are inconsistent with capitalist relations of production' (Perrings 1985). More helpfully, Hildebrand's 'evolutionary model of economic forms', moving successively between stages of 'natural economy, money economy and credit economy', is representative of much of the German discussion (Tribe 2002, 8). Another 'stages' theorist, Karl Marx, accepted the notion of a primitive dependence on nature but believed that human societies would be freed from this by industrial capitalism. Adam Smith had also thought in terms of a natural economy, believing 'that individual barter was aboriginal' (Hann and Hart 2011, 50). For Smith, the tendency was innate, a matter of 'human nature' and 'common to all men' (Smith 1976 [1904], I, 17).

Smith's notion of a 'trucking disposition which originally gives occasion to the division of labour' led to his 'famous theorem', that the division of labour depends on the extent of the market. Hann and Hart have dismissed Smith's notion of natural economy, from which these propositions flowed, as 'utilitarian ideology' (2011, 50). More mildly, Karl Polanyi had earlier pointed out that 'few social scientists today accept in the whole the Enlightenment's view of pristine man contracting for his freedom and bartering for his goods in bush and jungle to form his society and economy' (Polanyi, Arensberg and Pearson 1957, 239). But whether consciously or not, such views -- rather than the crude populism of the Berlin exposition -- were part of the mental equipment of many colonial bureaucrats at the end of the nineteenth century. Some accepted what Charles Rowley called 'popular pseudo-Darwinism', a set of beliefs supporting the need for an evolutionary process, which was 'commonly accepted by men of goodwill' in both Australian Papua and German New Guinea

(Rowley 1965, 92). At a more intellectual level, Hubert Murray was familiar with Maine's *Ancient Law* when he commenced his long career in Papua in 1904 and we know that he (a German scholar and subscriber to European journals) 'shared the current assumptions about the evolutionary nature of society' (West 1968, 39). Such administrators may have been encouraged to hope that appealing to a latent economic rationality in their colonial charges, even if one based on the assumptions of industrial capitalism, might be more effective than the *knout* as an instrument of colonial policy.

2. 'Trucking and bartering' in twentieth century debates

Smithian propositions continued to underpin much development policy discussion in late-colonial PNG, most notably in the prescriptions of a group of scholars associated with E K Fisk³ (Conroy 2012b). The Fiskian model of transition from subsistence agriculture to market exchange can be narrated as a series of stages, as Rolf Gerritsen (1979, 17ff) has shown. This suggests something of its intellectual origins, which are German as well as Smithian. An unselfconscious formalist, Fred Fisk (1962, 1964) relied heavily for empirical evidence on the congenial anthropological insights of that unabashed formalist, Richard Salisbury. The latter's study, *From Stone to Steel* (1962a) described the impact of the introduction of steel tools on the agricultural production system and social organization of Siane highlanders in the Goroka district of the central Highlands. Fisk also drew on the work of Brookfield and Brown (*Struggle for Land*, 1963) concerning the more densely populated Chimbu region. From this comparison Fisk derived propositions concerning the effects of population growth in eroding 'subsistence affluence' -- a construct which, perhaps in an unconscious echo of nineteenth century economic thought, he labelled originally as *primitive* affluence. To do so he had to make a grand simplification (a procedure from which neoclassical economists do not shrink) concerning the closed, self-sufficient, nature of his indigenous subsistence economy. This skated over certain complexities posed by 'aboriginal' trade in New Guinea, making him somewhat vulnerable to criticism by those with different views of the significance and quantum of traditional trade flows (Conroy 2012b).

The nineteenth century German historical economist Karl Bücher had something in common with Fisk's colleague Ric Shand, for both emphasized the household as the basic unit of production and consumption (Shand 1965; Conroy 2012b, 13). Pointing to the antiquity of this conception, Hann and Hart (2011, 40) commented that 'like Aristotle, Bücher emphasized the "closed", autarkic nature of this subsistence-oriented productive system'. In this connection, Thomas Harding (1967, 250) commented that 'granted the obvious empirical defects of Bücher's "no exchange" thesis, it nevertheless appears incontestable that in primitive societies generally there is a tendency towards "closed household economy" ... Bücher's theory is wrong only if taken literally rather than as an expression of a tendency or set of prevailing forces'. Himself no dogmatist, although personally 'guided by the substantivist perspective' (Ibid., vi), Harding could appreciate the integrity of the

³ Among them anthropologist Scarlett Epstein, urbanist Nigel Oram and economists Ric Shand, Peter Drake and Bill Stent, all (other than Stent) associated with the Australian National University during the 1960s.

closed economy 'thesis', when employed as a simplifying assumption. This indeed was standard Fiskian methodology.

Fisk had modelled the operations of a self-contained subsistence unit consisting of a group of households, for which external trade was assumed to be of limited economic significance. But as Hann and Hart noted, Bücher saw in addition the importance of exchange and recognized the significance of gifts in the human economy. For him, 'the origins of trade lay in socially regulated customs, rather than (as postulated by Smith [and, after him, Fisk]) in a natural propensity to truck and barter' (Ibid., 40). In this respect Bücher was a forerunner of Marcel Mauss and *The Gift* (1925), a text Chris Gregory would later describe as concerned 'to debunk the prevailing orthodoxy among economists that economies of the PNG-type were "natural" economies which produced for subsistence rather than [gift] exchange' (Gregory 1982, 18).

Mauss had asserted that 'there has never existed, either in the past, or in modern primitive societies, anything like a "natural" economy'. Instead, 'we see that a part of mankind, wealthy, hard-working and creating large surpluses, exchanges vast amounts in ways and for reasons other than those with which we are familiar from our own societies' (Mauss 1925, 3). This was the economy of *The Gift*. Rejecting the notion of any innate propensity to truck and barter, Mauss asked instead: 'What power resides in the object given that causes its recipient to pay it back'? (Ibid, 4). By one sympathetic account, his answer was that 'human beings everywhere find the personal character of the gift compelling and are especially susceptible to its evocation of the most diffuse social and spiritual ties' (Hann and Hart 2011, 50). This sentiment is antithetic to the economic individualism seen by critics as characteristic of neoclassical orthodoxy; in a powerful dialectic, 'spiritual ties' are set against 'trucking and bartering'.

With *The Gift* as his tract, Gregory proposed a 'political economy' framework for the analysis of indigenous economy in colonial PNG, intended as an alternative to orthodox economic theory (Conroy 2012b). He dismissed the models of Fisk and his successors. Gregory's account (*Gifts and Commodities*, 1982) is deficient, however, insofar as he did not confront the implications of the 1977 study *New Guinea Stone Age Trade*, by Ian Hughes⁴. This presented an authoritative reconstruction of precontact trade in the central Highlands region. While not denying the power of *The Gift*, Hughes (1977a, 1977b) gave more emphasis to the exchange of commodities for utilitarian purposes. This was a perspective which (whether or not calculated to do so) gave comfort to neoclassicists of the Fiskian school by showing the extent to which trucking and bartering did indeed find a place in the modalities of New Guinean exchange (Conroy 2012b). Fisk combined the classical tenet (the need to foster specialization and exchange by enlarging the extent of the market) with the imperative of employing the margin of investible resources concealed within an affluent subsistence sector.

Bücher's student Bronislaw Malinowski was responsible for the famous account of the *Kula*, a complex traditional trading system occurring in waters off the north coast of south-eastern New Guinea, in which people of the Trobriand Islands played a central part (Malinowski 1922). That and

⁴ This omission is unfortunate. Gregory attempted to redress it after some interval (Gregory 1996), though he appeared more concerned to enlist Hughes to rebut the application of Friedmanite quantity theory to a 'shell bubble' episode in the early history of colonial Goroka (Hughes 1978) than to engage with the problems Hughes' 1977 accounts of traditional trade posed for his own thesis in *Gifts and Commodities*.

other studies of maritime trade will be discussed below for the light they throw on early adaptation to market exchange but it is also germane to the present discussion. In a paper published in the august *Economic Journal* (editor, J M Keynes) Malinowski discussed the *natural economy* interpretation by 'C. Buecher' (K Bücher) of 'economics among primitive races'. His former teacher's conclusions amounted to 'a failure, not owing to imperfect reasoning or method, but rather to the defective material on which they are formed'. Bücher had lacked ethnographic field data, leading him to conclude (while employing the 'stages' framework common among the historical economists) that 'the savages have no economic organisation, and that they are in a pre-economic stage -- the lowest in that of the individual search for food, the higher ones in the stage of self-sufficient household economy' (Malinowski 1921, 1-2).

Advancing beyond armchair theorization, Malinowski amassed field data to consider issues of the 'organisation of production, apportionment, and ... the mechanism of tribal life in its economic aspect' in the Trobriand Islands (Ibid., 3). He concluded that, far from being 'pre-economic', the islanders were engaged in a 'tribal economy', in which 'production, exchange and consumption are socially organised and regulated by custom, and where a special system of traditional economic values governs their activities and spurs them on to efforts' (Ibid., 15). The *Kula* was the external arm of that 'tribal economy', conducted in the manner of *The Gift* with traditional trade partners across wide stretches of sea. But,

'side by side with the *Kula*, the subsidiary trade goes on, the visitors acquiring a great number of articles of minor value, but of great utility, some of them unprocurable in [the Trobriands] ... This subsidiary trade is carried on by means of gifts and counter-gifts with one's own partners [and] by means of *barter (gimwali) with other people*' (Malinowski 1920, 105, emphasis added).

From this account, *Kula* expeditions may be seen as a mixture of gift exchange (conducted by notables with high-status trade partners) and *gimwali* barter (conducted by their followers as impersonal trade with non-partners). The former could be interpreted as opening the way for the latter, while the *gimwali* barter trade sustained the *kula* gift exchange by assuring the substantial labour supply needed for the logistics of voyaging. *Gimwali* trade represented what Chris Gregory called the exchange of alienable things between aliens, essentially 'trucking and bartering'. On the other hand the *kula* exchange of valuables stood for what he described as 'relations between non-aliens by means of inalienable things', in other words, the Maussian *Gift* (Gregory 1982, Conroy 2012b).

Interestingly, and somewhat paradoxically for writers who dismiss the Smithian view of natural economy as 'utilitarian ideology', Hann and Hart employed the language of orthodox economics to appraise Malinowski's account of *kula* and *gimwali*. Considering that each voyage must be regarded as a joint exercise (since neither set of transactions could occur in the absence of the other) they suggested that 'such exchanges *could* be seen as individuals making choices to *maximise their utility within specific social and cultural constraints*' (emphases added). They implied, indeed, that Malinowski had overreached by setting out to demolish the 'straw man' *homo economicus*, while inadvertently providing a case study amenable to a neoclassical utility maximizing interpretation (Hann and Hart 2011, 43). This judgment of course does not reflect Hann and Hart's own position, which is instead inspired by a vision of 'the human economy' (Hart, Laville and Cattani 2010). Despite this, third parties of a neoclassical disposition might take some comfort from it.

A less placable divide exists between the Fiskian analysis and that of Gregory, inspired by Mauss. Here (if we are to believe Gregory) we are confronted by a paradigmatic gulf between alternative realities, which employ 'different concepts and use different methods of analysis', so that 'there is ... no common ground on which the two approaches may be compared and evaluated' (Gregory 1982, 102). Despite this uncompromising position, we may prefer to see Ian Hughes as providing a middle way between (to employ an appropriate voyaging metaphor) the *Scylla* of a mechanistic formalism and the *Charybdis* represented by the romantic appeal of *The Gift*. For, as Hughes has recently remarked (pers. comm. 110213):

'Trade in Melanesia was never largely ceremonial, as my *New Guinea Stone Age Trade* showed, not even in pigs in the 'Highlands'. Of course exchanges accompanied by ceremony have always disproportionately attracted social anthropologists for perfectly understandable reasons'.

This suggests the need for a less dogmatic understanding of the reality of traditional economy. Such a position should comprehend both Adam Smith's view of 'aboriginal' trade as due to a natural human tendency to 'truck and barter' and the Maussian conception of exchange as the product of socially regulated customs, in the manner of *The Gift*. Both perspectives are necessary for an understanding of the contemporary reality of Papua New Guinea, where some degree of *hybridity* in economic behaviour is the norm⁵.

This study will now proceed by examining precontact trade in New Guinea and the Bismarck Archipelago. It will commence with Hughes' account of trade routes linking the populations of the remote interior valleys, scarcely known before the 1930s, with the coasts. It will then consider major trans-coastal and inter-island maritime trading systems (of which the *Kula* was a part) as well as the numerous small local systems of exchange connecting coastal, estuarine and inshore island peoples. In particular it will deal with trading systems recorded from the culture areas around three major towns (Rabaul, Port Moresby, Goroka) prior to their establishment as centres of colonial administration and external trade.

Precontact trade systems, together with the ecological conditions and political arrangements which formed and sustained them, may have explanatory power for our understanding of the later engagement in the market economy of indigenous people in the hinterlands of the three towns. The nature of traditional trade, together with the resources and skills applied to it, could prove to have some bearing on the subsequent participation of New Guineans, during the colonial era, in informal monetized economic activities. It might help in understanding how such informal activities emerged in modern Papua New Guinea, and the forms they have taken.

⁵ The concept of hybridity in economic behaviour is central to the post-Fiskian models of Stent (1984).

3. The trade of the interior

The most comprehensive account of the premodern trade of the interior, considered as a system, is by Ian Hughes (1977a, 1977b, 1978). This body of work has been reviewed by the writer in the context of subsistence affluence (Conroy 2012b) but it is necessary to return to it in preparation for discussion of Goroka in the modern period. A geographer concerned with spatial patterns of trade, Hughes adopted a primarily, but by no means exclusively, formalist stance in analysing traditional exchange. While accepting the commodity/gift distinction of Mauss and his followers, he nonetheless saw 'pure' barter and 'pure' exchange as abstractions. For Hughes some degree of *hybridity* was the norm. He accepted that New Guineans sought psychic and political benefit from trade but was persuaded of their concern for material gain. Groups, which in principle were capable of pursuing a self-contained existence in the manner idealized in Fiskian models, nonetheless strove for utilitarian advantage through trade. Their trading achieved a degree of economic integration across populations in different ecological niches and with different tastes and productive capacities. This permitted 'a developed use of the scarce resources through the production and distribution of a range of goods to improve every aspect of economic, social and religious life' (Hughes 1977b, 33). It was 'a successful, functioning, integrating distributive system with its own market forces and regulating mechanisms' (Hughes 1978, 310). This was not to validate any simplistic application of neoclassical supply and demand theory, for the markets Hughes described were still 'embedded' in specific social arrangements. The essential element of hybridity, as understood by Stent (1984), marked the operation of subsistence production and exchange (Conroy 2012b).

No doubt most groups had resources sufficient to approximate the Fiskian model of self-sufficiency. Trade in staple foods was exceptional in the interior, while specialist traders were rare ('there were no professional traders, no merchants, no itinerant pedlars' [Hughes 1977a, 203]). This reference to the absence of 'pedlars' is significant, and derives from Hughes' reading of the Dutch colonial historian J C Van Leur, who emphasized the role of travelling peddlers in powering the ancient trade of the Malay Archipelago, extending as far as West New Guinea. This absence demonstrated a crucial difference between the trading cultures of 'monsoon Asia' and Melanesia (Conroy 2013a).

The physical setting for Hughes' fieldwork was a substantial area of densely populated valleys in the central highlands and the sparsely populated southern lowlands. He aimed to reconstruct the immediate pre-contact history of that 'great network of trade routes from coast to coast transcending the formidable barriers that continued to exist between thousands of mutually hostile groups' (Hughes 1977a, 12). Trade was governed by access to routes to the sea, by 'vertical zonation' due to altitude, and by proximity to material for manufacture of stone tools (ibid 60-61). Access to a range of other minerals also bestowed advantage, enabling manufacture of pottery and pigments together with salt and mineral oil. Marine shells were of major importance in the inland trading system, for these 'were the trade goods which most frequently performed some of the functions of money'. Other traded valuables included feathers, especially plumes of the bird of paradise, and axe blades. Hughes noted that 'the circulation of a variety of shells of different size and value facilitated the barter of other objects. The smaller common shells and small pieces of the rarer shells were widely used as divisible small denominations of currency' (ibid, 184). Trade by barter was neither as clumsy nor as inflexible as commonly believed, because 'varying size and quality in the most valuable

items together with the divisibility of cooked pork, minor shell, tooth and feather ornaments, salt, pigments, oil and luxury crops, and ... tobacco, meant that somewhere in the process of production and manufacture and the network of distribution, complete interchangeability could be achieved' (Ibid, 209).

We have noted Hughes' claim that 'specialist' traders were rare, and his discussion of the limited applicability of the 'middleman' concept is relevant in that context. Exchanges occurred in 'a series of chain-like steps'; these were 'dyadic' encounters in which, other than the original producer and the final consumer, intermediaries were involved. For perishable consumer goods the concepts of 'middleman' and 'end-user' were applicable (though it is important to point out again that staple foods were almost never involved in barter transactions in the interior). Only with such goods did items travel rapidly from hand to hand, whereas more durable goods were likely to be enjoyed for a time by the intermediary before being traded on (Ibid, 205). Hughes pointed to the absence of any 'proto-markets', representing local concentrations of trade, and neither were there obvious 'trunk routes' for trade flows (Ibid, 206). An inland trade network extended across the whole island and 'was created by and built up of the interlocking and overlapping personal trading networks of individual men' (Ibid, 210). Not even the ceremonial grounds used periodically for major prestations doubled as proto-markets. Multiple decentralized barter transactions were quantitatively more important than such prestations. The earliest description of an embryonic marketplace, by Fr. John Nilles in the late 1930s, concerned a new, post-'pacification', pattern of local trade centred on a Christian mission (Ibid, 206-7).

Fiskian models were based on an assumption of self-sufficiency in relatively small groups, which Hughes granted was correct *in principle* because they generally had that capacity. That such groups were constrained in their movement by enmities with neighbours supported this notion. But political and social change quickly created a more vivid trading landscape. Very soon after the imposition of the *pax Australiana*, there occurred 'a remarkable expansion of trading, and in particular *travel* for trade (emphasis in original), which developed in the highlands immediately after some safety was assured' (Ibid, 204). By accelerating the processes which were to bury the 'self-sufficient' subsistence economy, this development made it even more difficult for contemporary observers to judge the merits of the Fiskian case. More than anything, however, the divergence is one of methodology. Hughes required Fiskians to re-examine their approach, to decide whether the insights it yielded justified the stylization of fact (for the purposes of neoclassical 'comparative static' analysis) on which it was based (Conroy 2012b).

4. The trade of coasts and islands

The writer's study of maritime trade along the length of the Malay Archipelago, *Monsoon Asia and Melanesia* (Conroy 2013a), focused attention on the historical treatment of the subject by J C Van Leur. He documented a world system of water-borne trade dating back to societies of the ancient Mediterranean basin, into which Indian, Persian and (later) Chinese travelling peddlers drew the

Malay world over millenia. The influence of this trade extended ultimately to the western portion of the island of New Guinea, to which the Javanese *Majapahit* empire (C13-C16), acting through Moluccan sultanates as satraps and tributaries, had laid claim (Van Leur 1955). Pamela Swadling argued persuasively for the great antiquity of an international trade in bird of paradise plumes (Swadling 1996), while Van Leur cited evidence of Papuan slaves on the island of Java a thousand years ago (Conroy 2013a).

In Van Leur's account, the extensive trade of the premodern Malay archipelago depended not only on travelling petty traders, but also on the participation of a class of 'wealthy money-holders', including hereditary sultans in Java and the Moluccas. For this class, trade was a matter of occasional investment of capital, both financial and political, whereas for travelling peddlers it was a livelihood. Trade was not generally the primary concern of 'money-holders', for (as in the classical polis of the Mediterranean) trade was not dominated by "'bourgeois" economic life, but [by] war, booty, and political tribute' (Van Leur 1955, 60). Perhaps because his imagination was captured by Malinowski's Mediterranean metaphor -- Trobriand Islanders as Argonauts -- Van Leur attempted to extend his analysis to eastern New Guinea and the *kula*. It was appropriate to apply his model of ancient trade to Boyowa, principal island of the Trobriands, because on Boyowa:

'the social structure is strongly marked by an aristocratic authority – in contrast to that of the majority of the other regions, where a weak "republican" regime controlled by elders, the typical Papuan and Melanesian system of authority, prevails. The aristocratic authority puts its stamp on the Kula transactions in this part of the circle, as well as on the other commercial activities with which the Kula is interwoven as one thread among many, along with barter trade, sale of craft products, and inter-insular shipping' (Ibid., 55).

Applying his classical Mediterranean categories ('aristocratic', 'republican') in the unfamiliar locale of the Pacific, and without benefit of much academic commentary on Malinowski (for he was writing in the 1930s) Van Leur saw Trobriand chiefs in the guise of 'wealthy money-holders', engaged in ceremonial exchange and tributary offerings. Their followers, as 'commoners', engaged in *gimwali* or barter trade, somewhat analogous to that of the travelling peddlers of monsoon Asia. Van Leur's reading of the *kula* emphasized the importance of utilitarian trade alongside the 'preponderant role' of the 'non-economic, magical and ritual exchange of Kula gifts', as well as the elaborate social organization required for the conduct of these 'great interinsular expeditions'. Such features of social organization were familiar from descriptions of premodern 'agrarian civilization' in Europe and Asia, and included

'village organization and the whole "communal" agrarian organization of labour connected with it, differentiated crafts and specialist craft villages, overseas expeditions and overseas commercial relations, all under a clearly defined aristocratic authority, which in [the *kula*] takes the form of shipowning, organization of expeditions, and the chief role in the barter trade carried on (Ibid., loc. cit).

Malinowski's *Argonaut* metaphor suggested to Van Leur a 'surprising analogy with the distant world of seas and ships of the earliest days along the Aegean coasts [which]... is certainly justified from the point of view of economic history' (Ibid.). The *Kula* represented a form of 'agrarian civilization' and the chiefly society of Boyowa (Kiriwina) Island in the Trobriand group was worthy of comparison

with such political orders⁶. One can only feel, however, that Van Leur's equation of 'aristocratic' Trobriand chiefs with Moluccan sultans, and the *gimwali* barter trade with Asian 'peddling', was a stretch too far. It was no doubt tempting for him to discern, in some parts of Trobriand society, a degree of social stratification that might support trade of a complexity and level of organization comparable with that of the Malay Archipelago. But this equivalence becomes problematic when other, more acephalous, Melanesian specialist trading societies are considered. It is not clear, for example, that the *Mailu* and *Motu* trading systems⁷ (to be discussed at some length below) were less organizationally advanced than the *kula*, particularly in regard to their production systems. Michael Young was dismissive of any 'romantic' vision of the *Argonauts*. In regard to Trobriand stratification he said simply that 'hereditary leadership in varying degree can be found throughout the Massim, though *whether it is vestigial or emergent is difficult to say* (emphasis added)' (Young 1983, 7).

The question whether a group's degree of hereditary leadership is either 'vestigial' or 'emergent' is interesting, because it has been suggested that colonial intrusion may have cut short the evolution of Melanesian trading societies such as the *Mailu* and Trobriands towards higher levels of social stratification. Such 'arrested development' may in turn have inhibited the evolution of higher levels of organization for production and trade. In the *Mailu* case, reported by Irwin, the central community of *Mailu* Island in the pre-colonial era had developed an extra level of organization, when compared with neighbouring *Mailu* groups. He speculated that 'perhaps some level of social stratification would have developed' on *Mailu* Island, had not colonial intrusion brought about irrevocable change (Irwin 1978, 412). In the case of the Duke of York Islands, a trading society with close links to the Tolai of the Gazelle Peninsula, Heinz Schutte asked whether the achievements of its big-men suggested the conditions to which 'the socio-structural journey could have led in case colonialism had not intervened, thwarting ... indigenous developments towards enlarged political formations with elements of defined territorial rule' (Schutte 1989, 55).

History does not reveal its 'thwarted' alternatives, but Marshall Sahlins thought such evolutionary social change unlikely. By 'developing internal constraints, the Melanesian big-man political order brakes evolutionary advance at a certain level. It sets ceilings on the intensification of political authority, on the intensification of household production by political means, and on the diversion of household outputs in support of wider political organization' (cited by Allen 1984, 447). Jim Allen concluded that in the case of the Western *Motu* trading system, a 'Melanesian paradox' operated: 'the competitive nature of egalitarian societies will initially foster the growth of specialized trading communities, but will also halt this growth at the point where, if production and distribution is to increase, a radical transformation of organizational structures in the direction of centralized hierarchies becomes apparent' (Allen 1985, 50-51). Far from achieving a 'breakthrough' to higher levels of political and economic organization, such systems are 'brittle': 'the inability to transform the socio-political structures necessary for the maintenance of such a system' leads ultimately to its dissolution and to the dispersal of the dense population it has supported (Ibid, 56).

⁶ For an online map of the *Kula* system, including Boyowa (Kiriwina) see the paper by Rolf Ziegler at www.badw.de/publikationen/klasse_phil/sitzungsberichte_phil/sitzphil_2000_bis_2009/Ziegler_Kula.pdf

⁷ To locate the principal *Motu* and *Mailu* centres, see maps online in Groves, M (1960), 'Motu pottery', at http://www.jps.auckland.ac.nz/document/Volume_69_1960/Volume_69_No._1/Motu_pottery,_by_Murray_Groves,_p_2-22/

These speculations are significant for our understanding of the cultural gulf between Monsoon Asia and Melanesia. While some Trobriand chiefs may have enjoyed ascribed authority to a degree unusual in Melanesia, their relationships with their 'subjects' were of a character scarcely recognizable in more formalized and stratified societies of the Malay archipelago. It is true that those societies had engendered pale imitations among Islamicized Malayo-Papuan communities on the western fringe of Melanesia (Goodman 2002, Conroy 2013a) but such social formations did not extend further east than the Papuan (Raja Ampat) Islands and the Bird's Head Peninsula, in what is now the Indonesian province of West Papua. Only a little further east, in the territory of the present-day province of Indonesian Papua, the trade and social structure of the interior peoples were essentially replications of the system described by Ian Hughes for eastern New Guinea. In the northwest quadrant there was an active maritime trade initiated by indigenous groups of Austronesian stock, in particular the people of Biak and neighbouring islands. In the southwest quadrant, however, the situation was very different. Indeed the regime of 'war, booty and political tribute' imposed by Moluccan sultans and Seramese traders on the western fringe of New Guinea (Conroy 2013a) may have suppressed the development of an indigenous Melanesian trans-coastal trading system in the Seram Sea, as compared with the flourishing indigenous systems of the northeast and southeast quadrants, in what is now Papua New Guinea (Goodman 1998, 425).

Returning to the coastal trade of the eastern quadrants, Jim Allen offered an explanation for marked differences between the traditional trade patterns of coastal and inland peoples. He observed that 'there is no uniformly rich subsistence base along the coast and many locations lack not only sufficient space and suitable climate for an agricultural basis for life, but also a variety of other necessary raw materials'. Thus, 'we see in the coastal regions an intensification of trading as an economic option which surpasses anything inland' (Allen 1982, 197). Of those eastern coastal trade systems, from the perspective of Port Moresby Murray Groves told us that

'Traditionally the *hiri* was a major link in a maritime trading network extending along the coast from the Vailala River, just west of Kerema, in the west to the eastern extremity of the mainland and even further to the Trobriand Islands and the other islands of the *kula* ring. The *hiri* at the western extremity and the *kula* at the eastern extremity were the two most spectacular institutions in this system. Armshells and other ornaments were the major item of ceremonial currency. The centre of manufacturing lay in the villages of the Hula, Aroma and Mailu peoples east of Port Moresby. The *kula* carried these armshells into the eastern archipelagoes; the *hiri* carried them west to the head of the Gulf of Papua, from where they were taken along inland trading routes into the mountains' (Groves 1973, 103-4).

At the extremities of this network, and less directly articulated with it, were other trade systems. These will not be discussed here, for the present account is confined to systems which will inform our later discussion of the introduction of monetized economic activity in the post-contact era. With an initial focus on Port Moresby, the capital of modern Papua New Guinea, it will be useful to consider pre-colonial water-borne trade systems serving the south coast. These include the *hiri* of the Western Motu (whose major village, Hanuabada, is within the boundary of the modern capital) and the trade of the Mailu, further to the east.

Malinowski described Mailu Island as 'one of the very important links in the great chain of intertribal trading which encircled the whole of [Australian] Papua' (1988 [1915], 249). By reason of 'their excellent craft, good training in seamanship, and by their eminently favourable position', the Mailu had 'a clear coast from Sua'u Island in the east ... to Aroma in the west, where the native traders of the Hood Bay villages, and even the Motuans, met and carried westward their trading business' (ibid., 241). The Mailu ranged along the coast from the eastern tip of the Papuan mainland (giving them contact with the *kula* system) to a point more than halfway to the site of modern Port Moresby. This brought them to the rim of the Motuan sphere of influence, which extended west beyond Hanuabada itself, into the Gulf of Papua. The Motuans, or specifically the Western Motu, had in common with Mailu the inadequacy of their land resources for agricultural subsistence and/or ceremonial exchange, together with a developed specialization in domestic pottery. Each of these voyaging peoples traded pottery and other valuables along its respective swathe of coast, gaining food supplies in return.

The Hula were another, relatively minor, group of voyager-traders who developed a trade complementary with that of the Motu. Originally a landless and despised fishing community, they secured a land foothold at Hood Point during the nineteenth century, due perhaps to disease and depopulation among the earlier inhabitants. This put their subsistence economy on a sounder footing, although they continued to suffer a food deficit. With their beachhead intermediate between the territories of the Motu and the Mailu, the Hula emerged as trans-coastal traders, assisted by the imposition of *pax Britannica* from the 1880s. They became engaged in the *vili*, a trading pattern which dovetailed with the Motuan *hiri* to the advantage of both groups, and provided a link to the Mailu in the west (Oram 1968, 249).

In relation to the Motu and Mailu, Jim Allen asserted that 'Melanesian specialist traders use *trade as a basic mode of subsistence procurement. They are not merchants, they are subsistence traders*' (emphasis added). Thus, 'Melanesian specialized trading villages are very different from specialized traders as a class, be they entrepreneurs or functionaries, in a complex society' (Allen 1985, 50). Elsewhere, Allen claimed that specialist potters were not people for whom trade was 'the disposal of surplus production for profit'. Here Allen appeared to deny the application to New Guinea of an influential notion, derived from Adam Smith, concerning the need of producers for a 'vent for surplus', making possible the extension of their markets. This doctrine (a corollary of the trucking and bartering proposition) had informed the classical theory of international trade (Myint 1958; Conroy 2012b) as well as the neoclassical development models of the Fiskians. But Allen disparaged the application of such paradigms to Melanesian trade as 'deterministic', for the Motu and the Mailu were 'people for whom trade was a basic *subsistence* mode (emphasis added), as well as a central factor in their social lives'. Such trading is not 'explainable by laws of trade which are immutable across space and time' (Allen 1984, 409-11).

Another notable eastern New Guinea trading system was described by Thomas Harding in his study *Voyagers of the Vitiaz Strait* (1967). Later Harding reviewed the literature on precontact trade systems looking for patterns of explanation, with a particular interest in specialized maritime trading communities (including the Motu and Mailu) and in 'retrading'. Recognizing that every Melanesian society had engaged in trading (and at least some retrading, or 'middleman' activity), Harding aimed to identify characteristics distinguishing specialized maritime traders from those of agricultural societies. He concluded that among the attributes setting them apart were 'first and most obvious,

the greater scope of their roles as transporters or distributors of a large number of different kinds of objects that included a sizeable proportion of retraded items. Second was their twin dependence on the import of staple foods for ordinary consumption and festive distribution. Their political or prestige economies relied upon trade-created surpluses' (Harding 1994, 118).

The first attribute turns on the efficiency of canoes for transport and distribution. Jim Allen (1985, 51) had explained that 'low bulk transport costs via canoe travel underwrite [maritime] systems and the economic integration of coastal and island groups exceeds that in inland New Guinea simply for that reason'. Advantage lay with skilled sailors, especially those occupying central locations in relation to trade routes. For while Ian Hughes had found little evidence in the interior of 'nodes' of trade, or of 'proto-markets' or 'trunk routes' (Hughes 1977a, 206), such features were clearly seen in transcoastal trade. Centrality is particularly crucial for the retrading of commodities. Mailu Island, for example, was described by Irwin as 'the point of articulation of both local and long-distance trade networks', as 'very much larger, more influential and more functionally specialized than any other place', and as having skilful sailors 'maintaining a fleet of large sea-going canoes' (Irwin 1978, 406). The Western Motu enjoyed similar advantage in relation to their trade with the Mailu and with intermediary groups such as the Hula in the east, and villages of the Papuan Gulf to the west. Aside from the primary trade exchange of their own pots for Gulf sago and logs, they retraded sago to eastern partners and also re-exported 'coconuts; axes; canoe hulls; shell discs; armshells' (Harding 1994, 122). Again, in regard to centrality, the London Missionary Society would later establish its Papuan headquarters near Hanuabada because it recognized the strategic significance for its evangelical project of the confluence of visitors at the Western Motu villages. Similarly, the missionary George Brown found the Duke of York Islands a conveniently central starting point for the evangelization of the island of New Britain (including the Tolai people of the Gazelle) and the adjoining island of New Ireland. The Yorks group (whose people Brown described as 'inveterate Traders and Peddlers') was 'the natural transfer point for any communication between the two large islands and has always played an important role as an intermediary' (Schutte 1989, 53-4).

Harding's second conclusion related to staple foodstuffs; specialized maritime trading communities were almost invariably deficient in these. The peoples of the 'great village' Hanuabada and of Mailu island were both 'stinted' in their access to subsistence resources -- to use the term applied by the Fiskian economist, Bill Stent, to describe 'non-affluent' groups (Stent 1984, Conroy 2012b). One does not have to subscribe to Fisk's technical definition of affluence to accept that the term may be applied usefully (as it was by Hughes, Sahlins, Salisbury and others) as a descriptor of the essentially favourable balance between population and resources enjoyed by the substantial majority of Melanesian peoples (Conroy 2012b). Hanuabada in particular relied on trade for 'subsistence procurement' -- to use Jim Allen's phrase -- and for the great cycle of feasts which marked the successful end of the *hiri* season. Mailu islanders were better provided with agricultural land than the Hanuabadans, as well as having some access to sago. But a reasonable definition of Melanesian 'subsistence' should include an allowance for feasting associated with ceremony, and Mailu was unable to meet such demands from its own natural resources. Trading was necessary to provision the feasting for which Mailu was renowned. By Irwin's account, long-distance trading provided the Mailu with mature pigs for distribution at an annual feast at which marriage debts were settled and funeral rites conducted, while canny deals produced a surplus of pork meat consumed by the islanders themselves (Irwin 1978, 408). In another case, Richard Salisbury described the Duke of York Islands (offshore from modern Rabaul) as having lacked arable land, and in consequence relying on

the manufacturing and trading of shell money for subsistence (1962b, 332). The missionary George Brown had observed of the same group in 1875 that 'food is plentiful in all the islands, but the ... natives seem to depend on the two large islands of New Britain and New Ireland for their supplies of taro and yams' (1877, 144)⁸. This leaves open the question whether York Islanders were actually food deficient or simply more concerned to press their trading advantage with the Tolai as an alternative and more fruitful source of subsistence.

The discussion of water-borne trade to this point has omitted reference to so-called 'beach-bush' trading systems, ubiquitous along New Guinea shorelines, although the trade described above between the Duke of York Islands and the Tolai mainland could also be described as such. Their existence was implied by Irwin's remark, attributing to Mailu island the status of 'point of articulation of both local and long-distance trade networks' in its region (a description which might also be applied to the Duke of Yorks). Mailu's local trade was conducted with mainland Mailu groups, but whereas the transcoastal trade was seasonal, the trade of the beach was quotidian, and essential to the maintenance of subsistence standards on the island. (Irwin 1978, 407). In the case of the Motu 'great village' of Hanuabada, it was at the time of contact 'three or four times larger than the other Motu villages' (Allen 1984, 413). In terms of agricultural potential it was located in the least fertile place in its region, and its limited output of staples was inadequate for subsistence and ceremonial demands. Consequently, although it had year-round access to an important fishing resource and obtained substantial stores of sago annually through the *hiri*, it was necessary for Hanuabada to make frequent exchanges of pottery with, and to re-export trade commodities to, its land-based neighbours the *Koita* and *Koiari*. From them they received greens and staples in return. The Hula, described above as poor immigrants who settled at Hood Point, were initially exploited in trade by the Kerepunu canoe makers. We have an account by the missionary W G Lawes of witnessing Hula women bartering fish on the beach at Hood Bay in 1880 ('I was the only man present. The noise of the women, haggling and disputing, was varied occasionally with language more forcible than elegant'). Their fish would in turn be 'exchanged with the inland people for vegetables and fruit' (cited in Whittaker et al. 1975, 46). When the Hula gained access to some agricultural land this enabled them to assert their independence from the Kerepunu. But not all beach-bush trade was exploitative, or even driven by food deficiency on one side or the other. It was often stimulated by the opportunity to achieve a more varied and interesting diet by taking advantage of ecological diversity. This was very much the case for the Tolai of the Gazelle Peninsula.

5. The trade of the Gazelle Peninsula

Trade conducted in premodern times by the Tolai, living on the Gazelle Peninsula of New Britain where the modern town of Rabaul is located, combined some elements common to all the trading systems described above. In relation to water-borne trade, as described above the Tolai were connected with the Duke of York islands, intermediate between them and New Ireland across the

⁸ For a map of the channel, showing Rabaul on the Gazelle Peninsula, the Duke of Yorks and New Ireland, see <http://www.collinsmaps.com/maps/Papua-New-Guinea/St-Georges-Channel/P947559.00.aspx>

narrow St George's Channel. York Islanders shared elements of social structure and language with the Tolai and possessed maritime skills and outrigger canoes which, if not perhaps equal to those of the Motu, were adequate for voyaging in the Channel and adjacent waters. Salisbury (1970, 286) cited Tolai informants as claiming that such canoes were not common among the Tolai until steel axes became available for trade with the Yorks during the nineteenth century. If so, independent long distance sea-trading by the Tolai may not have been a premodern practice. Utuan Island in the Yorks exported canoes to the Gazelle (Schutte 1989, 64), but the group's principal role in trade appears to have been to satisfy the demand for *tambu*, a form of shell money highly valued in both the Yorks and the Gazelle. An early missionary observed a triangular trade in which Tolai exploited an arbitrage opportunity between the prices of *pele* shell-money (produced in the Yorks and coveted by the Nakanai, located to the west of the Gazelle) and *tambu* shell (gathered by the Nakanai and esteemed by the people of the Yorks). This trade involved the Tolai in voyaging first to Mioko Island in the Yorks to collect *pele* and then to eastern Nakanai to trade it for *tambu*, yielding handsome profits which they took home in the form of *tambu* (Danks 1888, 305). Richard Salisbury's account of the trade had York islanders themselves voyaging to Nakanai for *tambu* shell, processing it and then trading it on to the Tolai from home, 'thereby compensating for the lack of arable land on the islands' (Salisbury 1962b, 332). Perhaps there is some truth in both accounts; in either scenario the Tolai supplied staple foods to the York islanders while augmenting their stocks of *tambu*, the principal item of Tolai wealth.

Inland trade on the Gazelle Peninsula was driven by local ecology, and the resulting trade pattern (albeit on a much smaller scale) displayed commonalities with the barter trade of the New Guinea mainland interior, as described by Ian Hughes (1977b). The divisibility of *tambu* lent it greater flexibility as a medium of exchange than was available in many other trading systems. Writing in the 1960s and acknowledging his intellectual debt to Richard Salisbury (1962b), Bill Epstein spoke of a Tolai heartland, which 'despite its small size, is marked by a considerable degree of ecological diversity. This is revealed at times in highly localized forms of production'. Diversity was seen not only in a variety of food sources but also in seasonality of production. Thus 'the ecological situation on the Gazelle provided a particularly favourable set of conditions for the development of a complex system of indigenous trade. Extensive trading between districts was being carried on long before Europeans first arrived here. A network of markets ran right through the area, goods passing through a series of intermediaries from the coast to the more remote inland settlements and vice versa, each locality ... trading both on its own account and as middlemen in long-distance trade' (A L Epstein 1969, 12).

Duke of York Islanders sailing to the Gazelle Peninsula landed at one of a number of fishing beaches behind which were situated markets, to which they and local Tolai fishermen brought their trade goods. Inland people came to trade food, mostly taro, and betel nut for fish, lime and bananas. They took the goods further inland to another set of markets at which, acting as intermediaries, they met people from the interior and traded with them for other food crops. Such exchanges were necessarily short-range by reason of inter-group enmities, which made travel difficult. Women conducted the trade at the boundary-lines while armed men stood guard. Apart from food, less frequently encountered goods such as ochre and megapod eggs, live cockatoos, headdresses, and stone clubs were of particular interest to men. Foods were exchanged by women at standard valuations, expressed in terms of commodities or *tambu* with a traditional sense of 'fair exchange',

whereas trade in which men engaged could be more opportunistic and involved a degree of bargaining (Salisbury 1970, 175ff). Exchange of such items as stone clubs and feathers, supplied by the Baining people whom the Tolai had driven from the Gazelle into the southern forests, indicated that Tolai trade extended across their tribal lines and into the interior.

An early commentator, Benjamin Danks, was referring to such impersonal trade when he wrote that 'markets are so arranged that two are seldom held near each other on the same day. A man taking his produce to one market today, may take more to another tomorrow if he is so disposed, and it is safe for him to do so'. Danks distinguished between coastal and inland trade: 'the greatest source of wealth to the coast tribes lies in their trading for the shell of the *tambu*, and in the products of their fishtraps and plantations' (Danks 1888, 310), whereas 'plantation produce is the one source of wealth for the inland people' (Ibid., 315). Coastal people were able to flourish by literally 'making' money -- processing raw shell obtained in trade -- and as Salisbury would later point out, 'the major part of the cost of *tabu* lengths is labour by Tolai' (1970, 187)⁹. The possession and use of *tambu*, said Danks, 'makes them a commercial people: by the aid of intermediaries their commercial transactions extend to places they have never visited'. Impersonal, commercial, exchange was individualistic, for 'they never, or very seldom, trust their money with the intermediary. He buys the article with his own money and sells it to them for theirs, making what profit he can from the transaction'. Such exchange was petty in scale, for 'in purchasing a man will only buy just as much of anything as he requires for the time being. Hence we see no wholesale business done' (Ibid., 310-15). Such trading is to be distinguished from within-group transactions (Gregory's exchange between non-aliens of inalienable things). The latter involved the accumulation of *tambu* and its retention and ultimate redistribution within the group, as well as the procurement and exchange of great quantities of foodstuffs in ceremony -- 'wholesale business' conducted for traditional ends. But nothing in this, nor in the description of impersonal trade, carries any suggestion of trading or retrading conducted by a specialized occupational group of Tolai middlemen. Interestingly, however, descriptions of the premodern marketplace system of the Gazelle differ importantly from Hughes' account, in which 'proto-markets' were totally absent from the interior trade of the mainland.

6. Implications of premodern trade for engagement with the market economy

The review of precontact trade systems conducted above has set the scene for a discussion of the later historical engagement of New Guineans in the emerging colonial market economy. For that reason attention was directed to the traditional trade of culture areas around what were to become three major colonial towns, Port Moresby, Rabaul and Goroka. The account dealt with attempts to generalize the nature of those trading systems, noting in particular Hughes' conclusion that in the trade of the interior (relevant to Goroka) 'there were no professional traders, no merchants, no itinerant pedlars'. It reported the similar views of Harding and Allen with reference to voyaging

⁹ Salisbury asserted the Tolai language was related to Fijian and he employed Fijian orthography to render *tambu* (the spelling adopted by the Epsteins and others) as *tabu*.

traders (germane to the case of Port Moresby). Even in the case of the Gazelle Peninsula, where traditional marketplaces appear to have existed in a more elaborate form than elsewhere in New Guinea, trade in the hinterland of modern Rabaul was nonetheless marked by the absence of specialized traders as an occupational group.

Harding's review of the data for trading societies, discussed above, led him to the conclusion that the Motu and Mailu were specialized producer-traders rather than specialized *intermediaries* for, as he remarked 'nowhere among trading communities did retraded objects dominate in the group's trading as a whole' (1994, 113). Indeed he went further, stating categorically that

'Nowhere in late precontact Melanesia ... were there specialists in trading in the sense that their livelihoods rested exclusively on middleman transfers in the absence of local production for export. This fact, combined with the generalized social structure of trade and universal participation in trading probably explains *why the trader did not emerge as a distinct occupational role in traditional Melanesian society*' (Ibid., 118; emphasis added).

Harding's denial of any specialized mercantile class appears consistent with Jim Allen's position. The latter had also asserted that traders were not merchants, but rather 'subsistence traders'. Harding's survey of linguistic research supported both views. He reported that

'there does not appear to be a monolexemic term that can be glossed as trader or merchant in any Melanesian language (whereas, of course, every language has a term for trade partner or trading friend). The specialist maritime traders were likely to think of themselves in terms of their distinctive productive roles, and hence their contribution within the regional division of labor, rather than as traders' (Harding, Ibid., 123 n14).

It appears then that 'traditional trade' was not conducted by 'traders', or at least not by *specialist traders*. This might suggest a degree of New Guinean incapacity for engagement in that division of labour between producers and distributors which characterizes the introduced market economy, although such a proposition seems at odds with accounts of the vigorous trading culture observed by early European residents. It is certainly inconsistent with more recent notions of Melanesians as 'primitive capitalists' (Epstein 1968, Finney 1973). Traditional trade has often been misinterpreted by outsiders, as for example in the case of J C Van Leur (1955), who attempted to transfer his understanding of the dynamics of premodern Asian long-distance trade onto a Melanesian template, by reference to a misguided interpretation of Bronislaw Malinowski's *Argonauts*. By contrast, the present writer's account of confrontation between the tributary relationships of 'Monsoon Asia' and the ceremonial exchange systems of Melanesia described these two trading systems as fundamentally different in character. The dynamic of the travelling peddler, that pre-figure of the modern informal economy, did not operate in premodern Melanesian societies. In that study (Conroy 2013a) I posed the question of the extent to which the historical experience of contact between the two cultures had equipped Melanesians adequately for engagement in a 'world system' of trade and exchange under national capitalism.

In that context, Harding's conclusion that the specialized trader did not emerge as a distinct occupational role in premodern New Guinea, despite the vigorous 'trucking and bartering' characteristic of traditional trade, is highly suggestive. The implication it carries, of a degree of Melanesian incapacity in a new and unfamiliar world, does not encourage optimism about any smooth transition from subsistence livelihoods to market exchange. This question will be examined

in future work (Conroy 2013b, forthcoming). In the meantime it is necessary to return to the discussion of *informality* and to consider what this term could mean in relation to economic activities in societies undergoing radical change at the hands of colonizing industrial powers. This is required by the assumption that Melanesian engagement with the introduced market economy is likely to have commenced with various forms of informal monetized economic activity.

7. Weber, Bismarck and *informality* in the colonial economy

When introducing the concept of an urban 'informal sector', Keith Hart was concerned with informality in market exchange in the slums of Accra, in post-colonial Ghana (Conroy 2012a). In a market economy, economic activity can only be seen as *informal* by reference to some model or ideal of 'formality'. Such a model emerged in the nineteenth century with the rise of Weberian bureaucracy, which served to underpin 'national capitalism', that

'synthesis of the nation state and industrial capitalism: the institutional attempt to manage money, markets and accumulation through central bureaucracy within a community of national citizens that is supposed to share a common culture. Only now did "the economy" enter vernacular speech in the sense we take for granted today. This was linked to the rise of large corporations as the dominant form of capitalist organization' (Hann and Hart 2011, 30).

Max Weber contended that the growth and elaboration of market exchange associated with the rise of industrial capitalism in nineteenth century Germany was regulated by an alliance between Prussian bureaucrats and Rhineland capitalists (Hann and Hart, loc. cit.; Wehler 1970; Conroy 2012a). Whereas bureaucracy imposes rules which give form to its own operations and those of the regulated, informal activities take place beyond bureaucratic strictures, and may often transgress their requirements. Bureaucratic norms and the culture they engender substantially determine the character, and description, of economic activity as being either formal or informal. For example, the enumeration of formal economic activity is an essential element in the modern bureaucratic process, while the status of being 'un-enumerated' is a marker of informality. But *conformity* is not simply a matter of obeying regulations. It also involves the broad acceptance of norms and ideas, the 'culture' prevalent in a bureaucratized social system.

It is interesting, although ultimately unfruitful, to consider whether the notion of economic informality might be applied to social formations occurring prior to industrial capitalism. Examples of such formations (aside from the Melanesian subsistence economies which are central to this study) might include theocracy, feudalism, or the non-monetized command economies found in parts of the pre-Columbian Americas. Any society with some semblance of administration has its own version of *form*. Economic activity occurring outside, or deviating from the requirements of, such *form* might then be considered *informal*. But this would be a *reductio ad absurdum* of Hart's informality, which is concerned with the contemporary world and the adequacy of competing theoretical frameworks commonly applied to its analysis.

The concept of informality arose from Hart's observation of discrepancies between the nostrums of dominant neoclassical economic theory, as applied in developing countries in a world dominated by national capitalism, and the messy reality of these countries. Such discrepancies can only be accommodated by the idea of an informal economy, for:

'As long as there is formal economic analysis and the *partial* institutionalization of economies around the globe along capitalist or socialist lines, there will be a need for some such remedial concept as the informal economy. Its application to concrete conditions is likely to be stimulated by palpable discrepancies between prevalent intellectual models and observed realities' (Hart 2007, italics in original).

The 'prevalent intellectual model' may be understood as whichever economic orthodoxy is guiding public policy in a capitalist industrial economy at a given time¹⁰. This will extend to its colonial possessions which, although preindustrial themselves, are serving some 'national-economic purpose' (This we recall was the formulation used by Colonial Secretary Dernburg to describe the role of German colonies in the early twentieth century). It is the nature of bureaucratic frameworks and activity (as informed by such an economic orthodoxy) that substantially determines the character, and designation, of economic activity as being either formal or informal. Hart's idea of informality has been applied subsequently in a variety of contemporary situations. He has noted its use as an alternative to epithets such as 'hidden', 'black' and 'underground' economy in the context of deindustrialization, and its application to activities 'ranging from domestic do-it-yourself to the more criminalized economy of disaffected youth' (Hart 2006, 27). Such contexts are not the focus of this study, however, to which Hart's initial concern for 'development' (in his case, in post-colonial Ghana) remains central.

Industrial capitalism came to New Guinea and the islands of the Bismarck Archipelago by degrees from the 1870s. In a neat correspondence with the Weberian model of bureaucracy functioning back in Bismarck's Berlin, this occurred initially at the hands of the highly bureaucratized German New Guinea Company. This was fitting for an historical period during which 'a bureaucratic revolution concentrated power in strong states and corporate monopolies' (Hann and Hart 2011, 15). The *Kompagnie* was a private, for-profit, entity to which the German government had delegated administrative responsibility for its new colonial possession in the northeast quadrant. Under *Kompagnie* recruitment policies the great majority of European staff 'were either retired army officers or had taken leave-of-absence from a government position in Germany' and were 'administrators rather than plantation managers' (Ohff 2008, 257). This entrenched a markedly Teutonic bureaucratic culture in German New Guinea before 1899 (when the *Kompagnie* yielded control to German government administration) by which time 'German New Guinea was already well under way to become a plantation colony' (Sack 1969, 112).

The bureaucratic style of the *Kompagnie* period was described by a contemporary observer as 'over-centralized' ('*une centralisation vraiment excessive*'). This situation was due to the attempt by Hansemann, founder of the *Kompagnie*, 'to run New Guinea from his office desk in Berlin as if it were a feudal estate in Brandenburg'. Thus, 'regulations, emanating from Berlin ...covered every conceivable contingency' and these impinged both on Europeans and on their relationships with

¹⁰ Hart's formulation extends also to socialist economies and their particular economic orthodoxies. See Conroy (2013c, 2013d) for a brief discussion of informality in contemporary North Korea and Cuba.

New Guineans. The Melanesian pidgin term *haus pepa*, Germanized as *papierhaus*, seemed to the contemporary commentator Neuhauss to capture the essence of the Company's offices, as well as their bureaucratic style (Biskup 1969, 79). After the annexation, Governor Hahl was able to temper Berlin's instructions with his own discretion and in the period of Dernburg (from 1907) 'scientific colonialism' produced a systematization of colonial procedure and practice formalized in the *Deutsches Kolonial-Lexikon*. *Enumeration* was described above as an essential element in the modern bureaucratic process; as an instance of the coherence of Dernburgian bureaucratic method, we have this account by Moses (1969, 57):

'The Germans saw taxation not simply as a means of economic education but also a means of improving the administration which was then forced to be concerned with the census, rate of population increase, and the raising of production. In these terms the introduction of the tax signified the real imposition of German rule both from the point of view of the administration and the population alike'.

This culture was sustained until the ouster of the Germans in 1914, and nowhere in New Guinea was it more firmly impressed on Melanesian society than on the Gazelle Peninsula and in Rabaul, its administrative centre. Given that the subsequent Australian administration commenced with the German template, and was itself military in composition, it seems reasonable to suppose that some elements of a distinctly Germanic bureaucratic culture lingered well into the Australian period. This is supported by Charles Rowley, who noted that 'Australian policy statements and legislation suggest that German practices were retained in the Territory of New Guinea under the Australian military administration' (Rowley 1965, 90). Such an official culture provided the model in opposition to which informality would be defined, in the circumstances of German (and after 1914, Australian) New Guinea. This is true even remembering that the colony had resident traders and planters as well as Christian missionaries (with the latter actually the largest group of Europeans), and that these non-government people were of more diverse origins than the administrators, as well as often having broader experience of native peoples in other parts of the Pacific. The influence of government was predominant, however, in that it regulated interactions between these disparate elements and the native people.

National capitalism's impact was much weaker in British New Guinea (Australian Papua, from 1906) in the southeast quadrant. There the bureaucratic culture was less commercially-focused, more concerned with issues of native welfare, and relatively punctilious in regard to matters of native land tenure, all to the frustration of its trading and planting communities (though not the missionaries, who tended to act as a counterweight to commercial interests). In the case of west (Dutch) New Guinea, due to Dutch preoccupation with their Indonesian/'Malay' possessions, the engagement of this remote Papuan territory with the world economy more closely resembled the mercantile capitalism of previous centuries than the industrial capitalism of the nineteenth century colonial power. The Bird's Head region on the western margin of Dutch territory (the modern Indonesian province of West Papua) continued to be subject to a pre-modern regime of trading, tribute and plunder imposed by Moluccan sultans and Seramese mariners until almost the end the nineteenth century (Conroy 2013a).

German New Guinea was linked to industrial capital by the demand for vegetable oils, which increased rapidly in Europe and North America from the late nineteenth century, stimulating investment in the production and processing of copra. On the other hand, British New Guinea/Australian Papua's embryonic plantation industry largely missed the copra boom of the prewar period to 1914, while Dutch New Guinea had, effectively, no plantation sector. Australian Papua never achieved a surplus on merchandise trade; gold mining, an enclave activity with quite limited and localized structural effects, was its principal link with the international economy until the First World War (and became so for Australian New Guinea during the 1930s when copra collapsed). Dutch efforts at 'development' were largely confined to an energetic but necessarily limited spurt of activity between 1949 and 1962, when the writing was already on the wall for this last fragment of the Netherlands East Indies.

Writing in the late colonial period, the historian Francis West summarised the circumstances of the two eastern territories administered by Australia, on the eve of the Pacific war:

'Development policy had produced a one-crop economy exposed to the fluctuations of the world market. Protection [of natives] had produced a native society which was preserved in its traditional villages and hamlets, but suffering from the frustrations revealed in the widespread cargo cult movements which affected native groups at a certain stage of European contact. The principal achievement of the governments of Papua and New Guinea was the initial one of any colonial power: the establishment of law and order over much of the territories by peaceful penetration, the most fundamental action of colonial rule. The latter stages of colonial government, of the diversification of the economy and the general raising of primitive standards, had been only lightly tackled; and it is for this relative failure in the later stages of development and welfare that the two governments have been blamed in recent years' (West 1966, 18).

Informality in economic activity, if it were to emerge in colonial New Guinea and Papua, would be defined by the nature of the prevailing bureaucratic regulation and its associated culture. It would be surprising if there were not differences between the two colonies, reflecting their different populations and the strength of their underlying economies, in addition to bureaucratic influences. The presence of Asian workers and entrepreneurs in New Guinea, by contrast with colonial Papua's adherence to 'White Australia' principles, provided a rich point of comparison, given this study's frequent reference to comparisons between Asia and Melanesia. The disparity in levels of private investment between the two territories was another distinguishing factor. In the next phase of this investigation (Conroy 2013b) the writer will examine the response of native peoples to the emerging influence of the expatriate-dominated market economy in Rabaul and Port Moresby from the 1870s, and in Goroka from the 1930s. The intention will be to sketch the outlines of an emerging indigenous informal economy in the period to the self-government of a united Papua New Guinea in 1973.

There is an intriguing synchrony here. In that year a visiting World Bank/UNDP mission of which Keith Hart was a member presented recommendations for the economic policies of the soon-to-be independent State. Among these were measures to stimulate the growth of an informal 'sector' of economic activity among the indigenous population -- a sector which the mission noted was grossly underdeveloped. Thus PNG was one of the first ex-colonies in which the 'informal sector' became an issue of public policy, whether or not it was appropriate in the circumstances of that time.

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